

ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF OTTUMWA, IOWA

FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2009

DEPARTMENT OF FINANCE

KRISTI R. MCDOWELL  
INTERIM DIRECTOR OF FINANCE

## INTRODUCTORY SECTION

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2009

	<u>Page</u>
<u>Introductory Section</u>	
Table of Contents	I-III
Names of Principal Officials	IV
Organization Chart	V
Letter of Transmittal	VI-VIII
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	IX

Financial Section

<u>Independent Auditor's Report</u>	1-2
<u>Management's Discussion and Analysis</u>	3-8

Basic Financial Statements

	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Assets	1	9
Statement of Activities	2	10-11
Governmental Fund Financial Statements:		
Balance Sheet	3	12-13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Assets	4	14
Statement of Revenues, Expenditures and Changes in Fund Balances	5	15-16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	6	17
Proprietary Fund Financial Statements:		
Statement of Net Assets	7	18
Reconciliation of the Statement of Net Assets – Proprietary Funds to the Statement of Net Assets	8	19
Statement of Revenues, Expenses and Changes in Fund Net Assets	9	20
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds to the Statement of Activities	10	21
Statement of Cash Flows	11	22-23
Notes to Financial Statements		24-52

Required Supplementary Information

Budgetary Comparison Schedule of Revenues, Expenses and Changes in Fund Balances – Budget and Actual (Modified Accrual Basis) – Governmental and Proprietary Funds	53-54
Budget to GAAP Reconciliation/Notes to Required Supplementary Information – Budgetary Reporting	55
Schedule of Funding Progress for the Retiree Health Plan	56

Other Supplementary Information

	<u>Schedule</u>	
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	58

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2009

		<u>Page</u>
<u>Financial Section (Continued)</u>		
Combining and Individual Fund Statements and Schedules (Continued)		
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	3	59-60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	61-62
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	5	63-64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6	65-66
Nonmajor Permanent Funds		
Combining Balance Sheet	7	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	8	68
Nonmajor Proprietary Funds:		
Combining Statement of Net Assets	9	69
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	10	70
Combining Statement of Cash Flows	11	71
Internal Service Funds:		
Combining Statement of Net Assets	12	72
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	13	73
Combining Statement of Cash Flows	14	74
Schedule of Expenditures of Federal Awards	15	75-76

Statistical Section – Unaudited

Statistical Section	77
Net Assets by Component – Last Seven Fiscal Years - Unaudited	78
Changes in Net Assets – Last Seven Fiscal Years - Unaudited	79-80
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years - Unaudited	81
Fund Balances of Governmental Funds – Last Ten Fiscal Years - Unaudited	82-83
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years - Unaudited	84-85
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years - Unaudited	86-87
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years - Unaudited	88-89
Principal Property Taxpayers – Current Year and Nine Years Ago - Unaudited	90
Property Tax Levies and Collections – Last Ten Fiscal Years - Unaudited	91
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years - Unaudited	92
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years - Unaudited	93
Direct and Overlapping Governmental Activities Debt - Unaudited	94

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2009

	<u>Page</u>
<u>Statistical Section - Unaudited (Continued)</u>	
Legal Debt Margin Information – Last Ten Fiscal Years - Unaudited	95-96
Pledged-Revenue Coverage – Last Ten Fiscal Years - Unaudited	97
Demographic and Economic Statistics – Last Ten Fiscal Years - Unaudited	98
Principal Employers – Current Year and Nine Years Ago - Unaudited	99
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years - Unaudited	100
Operating Indicators by Function – Last Ten Fiscal Years – Unaudited	101
Capital Asset Statistics by Function – Last Ten Fiscal Years – Unaudited	102-103
<u>Compliance Section</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	104-105
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	106-107
Schedule of Findings and Questioned Costs	108-109

COMPREHENSIVE ANNUAL REPORT

CITY OF OTTUMWA, IOWA

MAYOR - COUNCIL

MAYOR	TERM EXPIRES
Dale M. Uehling	January 4, 2010

CITY COUNCIL	TERM EXPIRES
Keith Caviness	January 2, 2012
Mitch Niner	January 2, 2012
Gordon Aistrope	January 4, 2010
Shannon Addison	January 4, 2010
Bob Meyers	January 4, 2010

CITY CLERK

Ann Cullinan

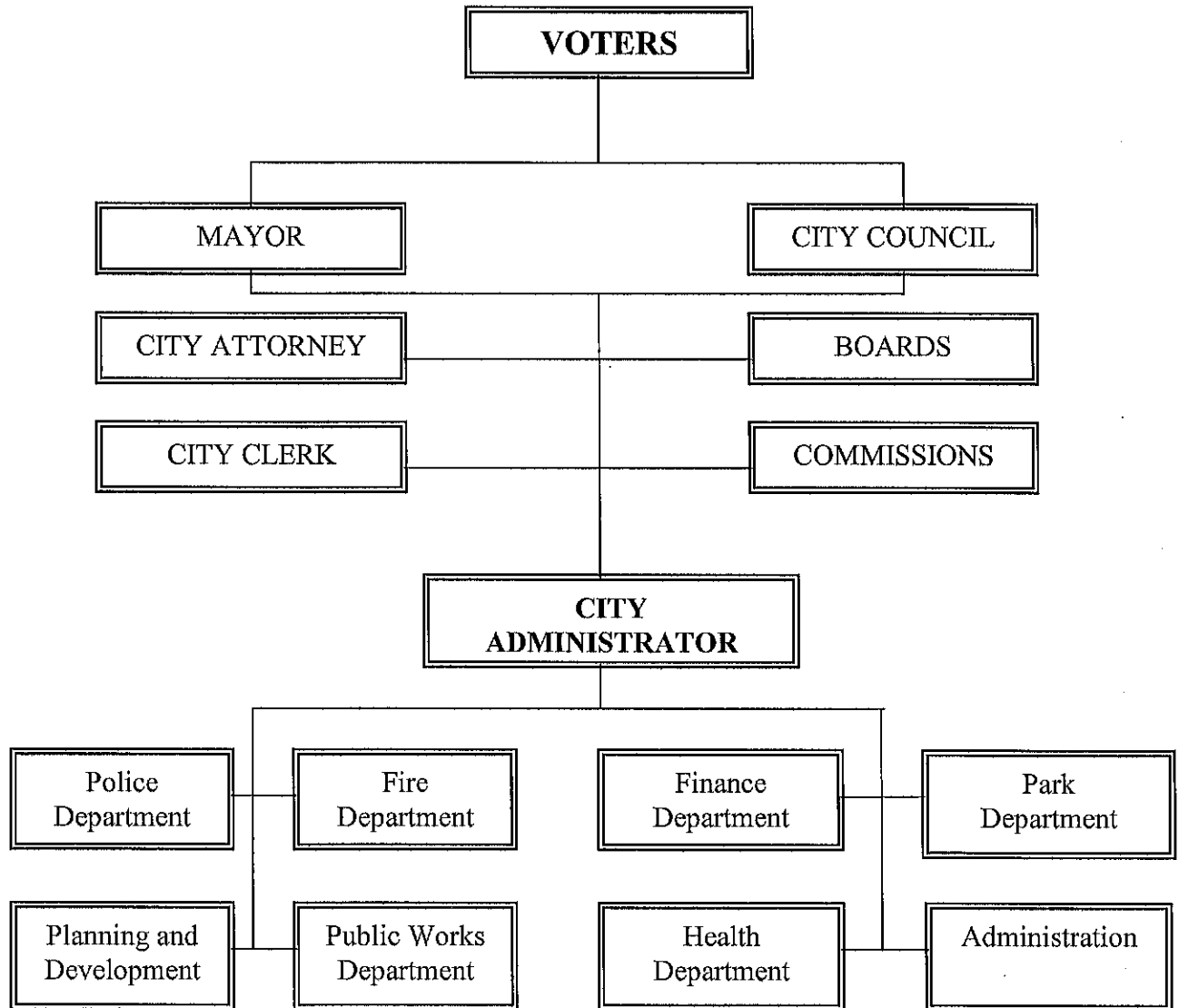
CITY ADMINISTRATOR

Joseph Helfenberger

CITY ATTORNEY

Tom Kintigh

# CITY OF OTTUMWA



January 29, 2010

To the Honorable Mayor, Members of the  
City Council, City Administrator  
and Citizens of the City of Ottumwa

State law requires that every City with a population over 700 complete a set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive frame-work of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Anderson, Larkin & Co. P.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Ottumwa, incorporated in 1851, is located in the southeastern part of the state. It currently occupies 16 square miles and serves a population of 24,998. The City of Ottumwa is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

The City of Ottumwa has operated under the Mayor-Council form of government since 1988 with an appointed city administrator. Policy-making and legislative authority are vested in the City Council consisting of five members, all elected on a non-partisan basis. The Council appoints the city administrator, who in turn appoints the heads of the various departments. Council members serve four-year terms, with three and two members elected every two years. The mayor is elected for a two-year term. The mayor and council members are all elected at large.

The City of Ottumwa provides a full range of municipal services. These services include public safety (Police and Fire), solid waste disposal, parks and recreation, planning and zoning, water and sewer, public improvements, airport, health and social services, mass transportation and general administrative services.

The Ottumwa Housing Authority and Ottumwa Water & Hydro are considered by the City to be substantially autonomous organizations and are, therefore, not included in this report. The City has two funds that are presented on discrete presentation basis. They are the Hazardous Materials (operated by the Ottumwa Fire Department) and 10-15 Transit (operated by the Ottumwa Transit Authority) funds. Both are the result of Chapter 28.e. agreements executed by County governments in Southeast Iowa. The City is in charge of accounting, cash management and financial reporting for these 28.e organizations, however, they operate autonomously from the City Council, thus they are presented discretely.



In accordance with the Code of Iowa, the City Council annually adopts a budget on substantially the same basis used for financial reporting following required public notice and hearing for all funds. The City budgets capital items and debt principal in the proprietary funds. In addition, depreciation is not budgeted in the proprietary funds. Amendments to the budget are considered and reviewed throughout the fiscal year. Amendments are subject to departmental review and by justification of the city administrator. The budget is formally amended by the City Council following the required public notice and hearing. Annual appropriated budgets are adopted for all City funds. All annual appropriations lapse at fiscal year end.

Formal and legal budgetary control is based upon nine major classes of expenditures, known as functions, not by fund. These nine functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Expenditures may not exceed the overall appropriation for the City. Management may transfer appropriations within each function.

The city administrator presents the annual budget to the City Council for consideration no later than January 31. The Council holds hearings with the public prior to the budget being adopted. By March 15, the adopted budget is certified to the County Auditor who, in turn, certifies the City budget to the Iowa Department of Management.

This budget is effective July 1 and becomes the appropriations for the fiscal year. Strong emphasis is placed on monitoring of budgets especially by major classifications such as personal services, commodities and contractual services and capital outlay. Monthly reports are prepared for each activity and program in order to assure that program expenditures do not exceed budgeted amounts.

Ottumwa has a diversified industrial base and is the manufacturing center for Southeast Iowa. Cargill, Inc., located in nearby Eddyville, employs 600 people at its corn milling and processing plant. Please refer to the statistical section for more information on major employers in the City.

Public safety costs continue to increase and consume 81% of the net General Fund expenditures (property taxes). Expenses for Public Service have been increasing as well due in part to using local option sales tax to finance an expanded street repair program.

### **Long-term Financial Planning**

The unreserved fund balance in the General Fund was 23% of General Fund revenue. The City Council does not have a formal policy on a targeted fund balance.

### **Major Initiatives**

The Bridge View Events Center opened on December 31, 2006. This is a \$23 million project financed from City of Ottumwa bonds (being repaid with sales tax revenue), private contributions, including a \$2 million endowment fund (managed by Bridge View Center, Inc., a 501(c)(3) not-for-profit corporation), and a \$7.5 million Vision Iowa Grant. The event center includes a 40,000 square foot exhibit hall, a 650 seat theatre/auditorium and meeting rooms.

The South Ottumwa Sewer Separation Project is under construction. Phase I of the project is now complete as of June 30, 2009 and the cost was approximately \$9.4 million. Phase II is under construction with a final inspection slated for spring 2010 at a cost estimate of \$5.9 million. Phase III – Division 1 is under construction and is estimated to cost \$7.7 million. The Water Pollution Control Facility completed a facilities plan and improvements are underway and financed by a \$3.4 million SRF Loan. The West Area Sewer Separation is under planning and design. We are also doing a study on north side sewers. Construction and Planning and Design funding, comes from a combination of STAG grants (earmarks) and Iowa Finance Authority State Revolving (SRF) loans. The SRF loans are being paid back with a combination of local option sales tax and sewer fee revenue.

## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ottumwa for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the fifteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance and administration department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the city administrator, mayor and the City council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Ottumwa's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert P. Jay", is written over a horizontal line.

Robert P. Jay  
Director of Finance/City Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ottumwa  
Iowa

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R.", is written above the title.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", is written above the title.

Executive Director

## FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
Ottumwa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ottumwa, Iowa's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, at June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2010, on our consideration of the City of Ottumwa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 8 and 53 through 56, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ottumwa, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 15, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 29, 2010

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ottumwa, Iowa, we offer readers of the City of Ottumwa's financial statements this narrative overview and analysis of the financial statements of the City of Ottumwa for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages VI to VIII of this report.

## Financial Highlights

- The assets of the City of Ottumwa exceeded its liabilities at the close of June 30, 2009, by \$83.9 million (net assets). Of this amount, \$20.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's net assets increased by \$2.1 million.
- At the close of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$16.3 million, an increase of \$3.3 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2.0 million, or 18.7 percent of the total general fund expenditures.
- Total general obligation debt increased by \$4.5 million (24.2 percent) during the current fiscal year. The City issued \$10.2 million new bonds and retired \$5.7 million of existing bonds.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Ottumwa's basic financial statements. The City of Ottumwa's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

The first two statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City of Ottumwa include general government, police and fire protection, streets and public buildings operation and maintenance, and parks and recreation oriented activities. The major business-type activities of the City include solid waste, sewer system and events center. Included within other business type activities are a transit system, and a golf course. The City's two component units, Hazardous Materials and 10-15 Transit System, are also included. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

## Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Assets. The Statement of Net Assets presents information on all of the City of Ottumwa's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Starting with the adoption of GASB 34, governmental activities reflect capital assets including infrastructure and long-term liabilities. Business activities have long reported capital assets and long-term liabilities.

The Statement of Activities is also included in the government-wide financial statements. The focus of the Statement of Activities is to show how the government's assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide statements include the Statement of Net Assets and the Statement of Activities and can be found on pages 9 through 11 of this report.

## Statement of Net Assets as of June 30, 2009 and 2008:

This section discusses and analyzes the significant differences between this and the prior fiscal year. A condensed version of the Statement of Net Assets as of June 30, 2009 and 2008 follows:

### Statement of Net Assets at Year-end (In Thousands)

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Cash and investments	\$ 16,991.9	\$ 5,853.8	\$ 22,845.7	\$ 14,014.6	\$ 5,044.7	\$ 19,059.3
Other assets	13,402.0	2,213.1	15,615.1	13,520.4	2,785.1	16,305.5
Capital assets	<u>36,108.2</u>	<u>57,693.4</u>	<u>93,801.6</u>	<u>36,909.3</u>	<u>52,031.5</u>	<u>88,940.8</u>
Total assets	<u>66,502.1</u>	<u>65,760.3</u>	<u>132,262.4</u>	<u>64,444.3</u>	<u>59,861.3</u>	<u>124,305.6</u>
Current liabilities	12,724.0	1,649.2	14,373.2	13,148.8	1,641.0	14,789.8
Noncurrent liabilities	<u>9,627.4</u>	<u>24,360.7</u>	<u>33,988.1</u>	<u>7,763.9</u>	<u>19,926.8</u>	<u>27,690.7</u>
Total liabilities	<u>22,351.4</u>	<u>26,009.9</u>	<u>48,361.3</u>	<u>20,912.7</u>	<u>21,567.8</u>	<u>42,480.5</u>
Net assets:						
Invested in capital assets, net of related debt	27,558.2	35,088.5	62,646.7	33,886.3	33,644.6	67,530.9
Restricted	1,014.3	95.0	1,109.3	1,000.4	95.0	1,095.4
Unrestricted	<u>15,578.2</u>	<u>4,566.9</u>	<u>20,145.1</u>	<u>8,644.9</u>	<u>4,553.9</u>	<u>13,198.8</u>
Total net assets	<u>\$ 44,150.7</u>	<u>\$ 39,750.4</u>	<u>\$ 83,901.1</u>	<u>\$ 43,531.6</u>	<u>\$ 38,293.5</u>	<u>\$ 81,825.1</u>

### Governmental Activities

The net assets for governmental activities increased approximately \$.6 million or 1.4 percent.

### Business-Type Activities

Net assets increased in part due to capital assets increasing \$5.7 million for fiscal year 2009. A substantial portion of these capital assets were paid with Federal and State grants.

## Statement of Activities for the Fiscal Years Ended June 30, 2009 and 2008:

A summary version of the Statement of Activities follows:

### Governmental and Proprietary Activities For Fiscal Years Ended June 30, 2009 and 2008 (In Thousands)

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Revenues:						
Charges for services	6,319.4	8,002.2	14,321.6	\$ 6,187.9	\$ 7,367.1	\$ 13,555.0
Operating grants and contributions	3,055.8	678.3	3,734.1	2,987.9	666.4	3,654.3
Capital grants and contributions	408.6	791.1	1,199.7	642.5	1,918.5	2,561.0
General revenues:						
Property taxes	11,258.1	371.9	11,630.0	11,042.4	352.1	11,394.5
Local option sales tax	2,839.1	-	2,839.1	2,846.9	-	2,846.9
Other taxes	567.9	-	567.9	582.4	-	582.4
Investment income	258.5	167.2	425.7	389.6	267.1	656.7
Other	<u>59.7</u>	<u>184.5</u>	<u>244.2</u>	<u>17.4</u>	<u>219.5</u>	<u>236.9</u>
Total revenues	<u>24,767.1</u>	<u>10,195.2</u>	<u>34,962.3</u>	<u>\$ 24,697.0</u>	<u>\$ 10,790.7</u>	<u>\$ 35,487.7</u>



	June 30, 2009			June 30, 2008		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Expenses:						
General government	\$ 2,608.6	\$ -	\$ 2,608.6	\$ 2,477.9	\$ -	\$ 2,477.9
Public safety	7,159.9	-	7,159.9	6,779.9	-	6,779.9
Public services	7,783.0	-	7,783.0	6,817.3	-	6,817.3
Culture and recreation	2,414.8	-	2,414.8	2,318.7	-	2,318.7
Community development	1,392.1	-	1,392.1	1,508.5	-	1,508.5
Interest on long-term debt	733.9	-	733.9	767.9	233.9	1,001.8
Solid waste	-	2,178.9	2,178.9	-	1,886.4	1,886.4
Sewer utility	-	5,049.9	5,049.9	-	4,315.3	4,315.3
Events center	-	1,765.3	1,765.3	-	1,755.0	1,755.0
Ottumwa Translt	-	1,428.0	1,428.0	-	1,364.4	1,364.4
Golf course	-	371.9	371.9	-	578.0	578.0
Total expenses	<u>22,092.3</u>	<u>10,794.0</u>	<u>32,886.3</u>	<u>20,670.2</u>	<u>10,133.0</u>	<u>30,803.2</u>
Excess of revenue over expenses	2,674.8	(598.8)	2,076.0	4,026.8	657.7	4,684.5
Transfers	<u>(2,055.7)</u>	<u>2,055.7</u>	<u>-</u>	<u>(1,672.7)</u>	<u>1,672.7</u>	<u>-</u>
Change in net assets	619.1	1,456.9	2,076.0	2,354.1	2,330.4	4,684.5
Beginning net assets	<u>43,531.6</u>	<u>38,293.5</u>	<u>81,825.1</u>	<u>41,177.5</u>	<u>35,963.1</u>	<u>77,140.6</u>
Ending net assets	<u>\$ 44,150.7</u>	<u>\$ 39,750.4</u>	<u>\$ 83,901.1</u>	<u>\$ 43,531.6</u>	<u>\$ 38,293.5</u>	<u>\$ 81,825.1</u>

### Governmental Activities

Charges for services make up 25 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes (45 percent) and local option sales tax (13 percent).

### Business Type Activities

In most years charges for services is the primary revenue source for business type activities. Sewer fees make up the largest portion (49 percent) of total revenues. Other significant items are landfill fees at 19 percent and Golf Course fees at 4 percent of total revenue.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to insure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, and the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers can better understand the long-term impact of the City's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Ottumwa maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Road Use Tax, Tax Increment Fund, Local Option Sales Tax, Employee Benefits, and Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found elsewhere in the report. The basic governmental fund financial statements can be found on pages 12 through 17.

Significant changes in fund balances are summarized below:

General Fund – Decreased \$563,515 primarily due to increases in health insurance and additional support for Bridge View Events Center.

State Road Use Tax Fund – Increase of \$219,580 primarily due to an increase in the transfers in for employee benefits.

Local Option Sales Tax – Increase of \$243,300 primarily due to a decrease in transfers to the Debt Service Fund.

### **Proprietary Funds**

The City of Ottumwa maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Solid Waste, Events Center, Golf Course and Transit System. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Ottumwa uses internal service funds to account for its payroll clearing, equipment purchasing and employee insurance functions. Because all of these services predominately benefit governmental rather than business type functions, they have been included with the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste, Sewer Utility and Events Center as these are considered major proprietary funds of the City. Data from the other two enterprise funds are combined into a single aggregate presentation. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All Internal Service funds are combined into a single aggregate presentation in the proprietary fund financial statements. Individual fund amounts for internal service funds is provided in the form of combining statements found elsewhere in this report. The basic proprietary financial statements can be found on pages 18 through 23 of this report.

Significant changes in net assets are summarized below:

Sewer Utility – Increased \$1.2 million due to a combination of increased sewer fee revenue, EPA grant for the South Ottumwa Sewer Separation Project, partially offset by higher operating costs.

Events Center – Increased \$412,000 primarily due to a decrease in transfers out.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 52 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budget to actual comparisons for all budgetary funds. This required supplementary information can be found on pages 53 through 56 of this report.

The combining statements referred to earlier in connection with non-major special revenue, capital projects, and permanent funds (governmental), non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information discussed above. Combining and individual fund statements and schedules can be found on pages 57 through 76 of this report.

## Budgetary Highlights

The City had two budget amendments during the fiscal year. The following summarizes the impact of the amendments on the General Fund. Total budgeted expenditures and transfers out increased \$4,193,857. Public Safety decreased \$625,001 and Culture and Recreation decreased \$151,500. Public Works increased \$592,835. Health and Human Services increased \$7,000. Community and Economic Development increased \$26,079. General Government increased \$104,087. Debt Service increased \$1,619,600. Capital Projects increased \$140,517. Business Type/Enterprises increased \$1,090,136 and Transfers Out increased \$1,390,104.

## Capital Assets and Debt Administration

### Capital Assets

As of June 30, 2009, the City had invested \$93.8 million in capital assets as are reflected in the following table. This investment includes land, buildings, improvements, machinery and equipment. Infrastructure completed this year is also included. Additional information on the City of Ottumwa's capital assets can be found in notes on pages 34 through 38 of this report.

#### Capital Assets at Fiscal Year-End (Net of Depreciation) (In Thousand's)

	Governmental Activities		Business Type Activities		Totals	
	2009	2008	2009	2008	2009	2008
Land	\$ 3,532.8	\$ 3,532.8	\$ 1,854.4	\$ 1,854.4	\$ 5,387.2	\$ 5,387.2
Buildings	3,227.2	3,492.5	31,456.7	32,505.8	34,683.9	35,998.3
Improvements other than buildings	861.2	755.1	2,935.7	3,159.9	3,796.9	3,915.0
Machinery and equipment	1,840.4	2,347.5	2,560.4	2,559.4	4,400.8	4,906.9
Infrastructure	25,826.9	25,309.2	10,000.8	10,317.0	35,827.7	35,626.2
Construction in progress	819.7	1,472.2	8,885.4	1,635.0	9,705.1	3,107.2
Total	<u>\$ 36,108.2</u>	<u>\$ 36,909.3</u>	<u>\$ 57,693.4</u>	<u>\$ 52,031.5</u>	<u>\$ 93,801.6</u>	<u>\$ 88,940.8</u>

The following table reconciles the changes in capital assets. Included with additions are increases in construction in progress balances.

#### Change in Capital Assets (In Thousand's)

	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$ 36,909.3	\$ 52,031.5	\$ 88,940.8
Additions, net of disposals	2,620.1	8,514.3	11,134.4
Depreciation	3,421.2	2,852.4	6,273.6
Ending balance	<u>\$ 36,108.2</u>	<u>\$ 57,693.4</u>	<u>93,801.6</u>

## Debt Administration

The amount of debt outstanding at fiscal year end was \$31.2 million as compared to \$25.6 million last fiscal year. New debt issued during the year amounted to \$12.1 million, while a total of \$6.6 million was retired. Of the total debt outstanding, \$23.1 million is backed by the full faith and credit of the City. The remaining \$8.0 million is backed by sewer revenue.

Outstanding Debt at Year End (In Thousand's)		
	Total	
	<u>2009</u>	<u>2008</u>
Governmental		
General obligation		
Abated by:		
Property taxes	\$ 5,800.6	\$ 4,400.0
Tax increment	2,749.4	2,800.0
Haz-Mat (SIRG)	25.0	45.0
Subtotals	<u>8,575.0</u>	<u>7,245.0</u>
Business type		
General obligation		
Abated by:		
Events center/Sales tax	5,745.0	6,780.0
Sewer utility/Sales tax	7,264.3	3,742.2
Solid waste	1,125.0	400.0
Golf course/Property taxes	400.0	445.0
Sewer revenue	<u>8,070.6</u>	<u>7,019.8</u>
Subtotals	<u>22,604.9</u>	<u>18,387.0</u>
Totals	<u>\$ 31,179.9</u>	<u>\$ 25,632.0</u>

Moody's Investor Services continues to rate the City's general obligation bonds A3.

For more detailed information on the City's debt and amortization terms, please refer to pages 39 through 41 and 45 through 46 of the Notes to Financial Statements.

## Economic Factors

Taxable sales increased less than 1 percent this year.

During the current fiscal year, the unreserved fund balance in the general fund decreased to \$2,001,717, a decrease of \$429,385 from last year. This was due to a decrease in transfers in for employee benefits.

## Next Year's Budget and Rates

Taxable values increased by 5.57 percent which increased the general fund revenue by \$231,561. The total tax levy decreased \$.34 per \$1,000 or 1.6 percent.

## Financial Information Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need financial information, please contact the Office of the Director of Finance/City Treasurer at City Hall, 105 East Third Street, Ottumwa, Iowa 52501-2904.

## CITY OF OTTUMWA, IOWA

Exhibit 1

STATEMENT OF NET ASSETS  
JUNE 30, 2009

	Primary Government					
	Governmental Activities	Business Type Activities	Total Primary Government	Component Units		Total Reporting Unit
				Hazardous Materials	10-15 Transit	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,991,930	\$ 5,853,835	\$ 22,845,765	\$ 88,561	\$ 307,215	\$ 23,241,541
Receivables:						
Property taxes	11,475,830	458,532	11,934,362	-	-	11,934,362
Accounts	775,048	1,224,125	1,999,173	1,646	23,983	2,024,782
Other governments	855,828	64,601	920,429	2,783	26,058	949,270
Inventory	34,791	-	34,791	-	-	34,791
Prepaid expenses	235,494	90,680	326,174	6,644	12,626	345,444
Deposit	25,000	-	25,000	-	-	25,000
Capital assets:						
Land	3,532,781	1,854,376	5,387,157	-	-	5,387,157
Buildings	11,404,918	44,284,083	55,688,999	204,082	35,318	55,928,399
Improvements other than buildings	1,596,092	5,796,016	7,392,108	-	-	7,392,108
Machinery and equipment	8,097,882	8,482,433	16,580,315	200,803	2,680,718	19,461,836
Infrastructure	56,888,966	10,810,211	67,699,177	-	-	67,699,177
Construction in progress	819,675	8,885,397	9,705,072	-	-	9,705,072
Less accumulated depreciation	(46,232,123)	(22,419,182)	(68,651,305)	(164,181)	(1,412,884)	(70,228,370)
Intangible assets	-	707,662	707,662	-	-	707,662
Less amortization	-	(332,502)	(332,502)	-	-	(332,502)
<b>TOTAL ASSETS</b>	<b>\$ 66,502,110</b>	<b>\$ 65,760,267</b>	<b>\$ 132,262,377</b>	<b>\$ 340,338</b>	<b>\$ 1,673,014</b>	<b>\$ 134,275,729</b>
<b>LIABILITIES AND NET ASSETS</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 929,611	\$ 1,041,704	\$ 1,971,315	\$ 3,471	\$ 29,787	\$ 2,004,573
Excess of outstanding checks over bank balance	16,186	16,187	32,373	-	-	32,373
Wages and benefits payable	218,400	57,500	275,900	-	21,500	297,400
Accrued interest payable	75,449	35,333	110,782	57	-	110,839
Unearned property tax revenue	11,187,919	449,349	11,637,268	-	-	11,637,268
Unearned revenue	296,451	20,072	316,523	-	-	316,523
Due to other governments	-	29,066	29,066	-	-	29,066
Long-term liabilities:						
Portion due and payable within one year:						
General obligation bonds/notes	2,358,350	3,096,650	5,455,000	25,000	-	5,480,000
Compensated absences	529,753	116,730	646,483	-	5,862	652,345
Portion due and payable after one year:						
General obligation bonds/notes	6,191,650	19,508,182	25,699,832	-	-	25,699,832
Compensated absences	91,164	-	91,164	-	-	91,164
Accrued landfill costs:						
Closure	-	879,955	879,955	-	-	879,955
Post closure	-	608,493	608,493	-	-	608,493
Other post employment benefits obligation	456,496	160,866	607,162	-	-	607,162
<b>TOTAL LIABILITIES</b>	<b>22,351,429</b>	<b>26,009,887</b>	<b>48,361,316</b>	<b>28,528</b>	<b>57,149</b>	<b>48,446,993</b>
<b>NET ASSETS:</b>						
Investment in capital assets, net of related debt	27,558,189	35,088,502	62,646,691	215,704	1,303,152	64,165,547
Restricted for:						
Debt service	255,757	95,000	350,757	-	-	350,757
Endowments:						
Nonexpendable	102,370	-	102,370	-	-	102,370
Expendable	33,464	-	33,464	-	-	33,464
Perpetual care	622,740	-	622,740	-	-	622,740
Unrestricted	15,578,161	4,566,878	20,145,039	96,106	312,713	20,553,858
<b>TOTAL NET ASSETS</b>	<b>\$ 44,150,661</b>	<b>\$ 39,750,380</b>	<b>\$ 83,901,061</b>	<b>\$ 311,810</b>	<b>\$ 1,615,865</b>	<b>\$ 85,828,736</b>

CITY OF OTTUMWA, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,608,591	\$ 1,563,354	\$ 83,229	\$ -
Public safety	7,159,932	623,618	429,169	-
Public services	7,782,995	2,969,497	2,149,918	408,566
Culture and recreation	2,414,824	1,150,938	227,978	-
Community development	1,392,081	12,016	165,503	-
Interest on long-term debt	733,913	-	-	-
Total governmental activities	<u>22,092,336</u>	<u>6,319,423</u>	<u>3,055,797</u>	<u>408,566</u>
Business-type activities:				
Solid waste	2,178,925	1,952,214	50,332	105,700
Sewer utility	5,049,880	5,039,368	-	685,466
Events center	1,765,311	583,117	-	-
Other business-type activities	1,800,033	427,539	627,990	-
Total business-type activities	<u>10,794,149</u>	<u>8,002,238</u>	<u>678,322</u>	<u>791,166</u>
Total primary government	\$ <u>32,886,485</u>	\$ <u>14,321,661</u>	\$ <u>3,734,119</u>	\$ <u>1,199,732</u>
Component units:				
Hazardous materials	\$ 148,830	\$ 6,128	\$ 145,117	\$ -
10-15 transit	<u>2,050,843</u>	<u>974,640</u>	<u>875,570</u>	<u>233,085</u>
Total component units	\$ <u>2,199,673</u>	\$ <u>980,768</u>	\$ <u>1,020,687</u>	\$ <u>233,085</u>
General revenues:				
Taxes:				
Property taxes				
Local option taxes				
Other taxes				
Unrestricted investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - Beginning of year				
Net assets - End of year				

See Accompanying Notes to Financial Statements

Governmental Activities	Primary Government		Component Units		Total Reporting Unit
	Business-type Activities	Total	Hazardous Materials	10-15 Transit	
\$ (962,008)	\$ -	\$ (962,008)	\$ -	\$ -	\$ (962,008)
(6,107,145)	-	(6,107,145)	-	-	(6,107,145)
(2,255,014)	-	(2,255,014)	-	-	(2,255,014)
(1,035,908)	-	(1,035,908)	-	-	(1,035,908)
(1,214,562)	-	(1,214,562)	-	-	(1,214,562)
(733,913)	-	(733,913)	-	-	(733,913)
<u>(12,308,550)</u>	<u>-</u>	<u>(12,308,550)</u>	<u>-</u>	<u>-</u>	<u>(12,308,550)</u>
-	(70,679)	(70,679)	-	-	(70,679)
-	674,954	674,954	-	-	674,954
-	(1,182,194)	(1,182,194)	-	-	(1,182,194)
-	(744,504)	(744,504)	-	-	(744,504)
<u>-</u>	<u>(1,322,423)</u>	<u>(1,322,423)</u>	<u>-</u>	<u>-</u>	<u>(1,322,423)</u>
<u>(12,308,550)</u>	<u>(1,322,423)</u>	<u>(13,630,973)</u>	<u>-</u>	<u>-</u>	<u>(13,630,973)</u>
-	-	-	2,415	-	2,415
-	-	-	-	32,452	32,452
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,415</u>	<u>32,452</u>	<u>34,867</u>
11,258,084	371,953	11,630,037	-	-	11,630,037
2,839,067	-	2,839,067	-	-	2,839,067
567,852	-	567,852	-	-	567,852
258,528	167,209	425,737	2,975	4,046	432,758
59,743	184,532	244,275	-	148,007	392,282
<u>(2,055,660)</u>	<u>2,055,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>12,927,614</u>	<u>2,779,354</u>	<u>15,706,968</u>	<u>2,975</u>	<u>152,053</u>	<u>15,861,996</u>
619,064	1,456,931	2,075,995	5,390	184,505	2,265,890
<u>43,531,617</u>	<u>38,293,449</u>	<u>81,825,066</u>	<u>306,420</u>	<u>1,431,360</u>	<u>83,562,846</u>
\$ <u>44,150,681</u>	\$ <u>39,750,380</u>	\$ <u>83,901,061</u>	\$ <u>311,810</u>	\$ <u>1,615,865</u>	\$ <u>85,828,736</u>

## CITY OF OTTUMWA, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

ASSETS	General	Special Revenue			
		State Road Use Tax	Tax Increment Fund	Local Option Sales Tax	Employee Benefits
Cash and cash equivalents	\$ 2,026,752	\$ 1,032,785	\$ 196,648	\$ 1,194,597	\$ 735,740
Receivables:					
Property taxes	3,930,813	-	894,505	-	3,726,891
Accounts	192,462	3,033	-	-	-
Other governments	89,532	61,724	-	423,270	-
Due from other funds	3,351	-	-	-	-
Inventory	4,682	30,109	-	-	-
Prepaid insurance	-	-	-	-	-
Deposit	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,247,592</b>	<b>\$ 1,127,651</b>	<b>\$ 1,091,153</b>	<b>\$ 1,617,867</b>	<b>\$ 4,462,631</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 211,168	\$ 76,443	\$ 8,748	\$ -	\$ -
Excess of outstanding checks over bank balance	-	-	-	-	-
Wages and benefits payable	171,000	26,500	-	-	-
Unearned property tax revenue	3,833,030	-	883,806	-	3,635,571
Deferred revenue	22,644	-	-	-	-
Due to other funds	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>4,237,842</b>	<b>102,943</b>	<b>892,554</b>	<b>-</b>	<b>3,635,571</b>
<b>FUND BALANCES:</b>					
Reserved for:					
Capital/construction	-	-	198,599	1,617,867	-
Prepaid insurance	-	-	-	-	-
Advances	3,351	-	-	-	-
Employee benefits	-	-	-	-	827,060
Endowments	-	-	-	-	-
Prepetual care	-	-	-	-	-
Insurance	-	-	-	-	-
Inventory	4,682	30,109	-	-	-
Debt service	-	-	-	-	-
Unreserved:					
Reported in:					
General fund	2,001,717	-	-	-	-
Special revenue funds	-	994,599	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>2,009,750</b>	<b>1,024,708</b>	<b>198,599</b>	<b>1,617,867</b>	<b>827,060</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,247,592</b>	<b>\$ 1,127,651</b>	<b>\$ 1,091,153</b>	<b>\$ 1,617,867</b>	<b>\$ 4,462,631</b>



<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 210,461	\$ 10,096,664	\$ 15,493,647
1,969,317	954,304	11,475,830
-	140,254	335,749
-	281,302	855,828
-	-	3,351
-	-	34,791
-	186,650	186,650
-	25,000	25,000
<u>\$ 2,179,778</u>	<u>\$ 11,684,174</u>	<u>\$ 28,410,846</u>

\$ -	\$ 140,707	\$ 437,066
-	16,186	16,186
-	20,900	218,400
1,924,021	911,491	11,187,919
-	266,827	289,471
-	3,351	3,351
<u>1,924,021</u>	<u>1,359,462</u>	<u>12,152,393</u>

-	6,273,087	8,089,553
-	186,650	186,650
-	-	3,351
-	-	827,060
-	710,702	710,702
-	622,740	622,740
-	1,689,551	1,689,551
-	-	34,791
255,757	-	255,757

-	-	2,001,717
-	841,982	1,836,581
<u>255,757</u>	<u>10,324,712</u>	<u>16,258,453</u>
<u>\$ 2,179,778</u>	<u>\$ 11,684,174</u>	<u>\$ 28,410,846</u>

CITY OF OTTUMWA, IOWA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Total governmental fund balances	\$ 16,258,453
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of assets is \$82,340,312 and the accumulated depreciation is \$46,232,123.	36,108,189
Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The assets and liabilities of the Internal Service funds are included in the statement of net assets.	1,057,523
Certain assets are not available to pay for current period expenditures and, therefore, are not reported as assets in the governmental funds balance sheet.	439,299
Certain liabilities are not required to be paid for with current period expenditures and, therefore, are not reported as liabilities in the governmental funds balance sheet.	(23,806)
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(75,449)
Amounts paid and reported as expenses in the current fiscal year, but are reported as prepaid expenses in the statement of net assets.	48,844
Amounts received and reported as revenues in the current fiscal year, but are reported as unearned revenue in the statement of net assets.	(6,980)
Amounts due from and due to component units and due from proprietary funds as a result of internal service fund allocations related to the employee insurance fund.	(27,979)
Long-term liabilities, including bonds payable and other post employment benefits obligation, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	<u>(9,627,413)</u>
Net assets of governmental activities	\$ <u>44,150,681</u>

CITY OF OTTUMWA, IOWA

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

			Special Revenue		
	<u>General</u>	<u>State Road Use Tax</u>	<u>Tax Increment Fund</u>	<u>Local Option Sales Tax</u>	<u>Employee Benefits</u>
<b>REVENUES:</b>					
Property tax	\$ 3,815,068	\$ -	\$ 971,896	\$ -	\$ 3,698,830
Other city tax	567,851	-	-	2,839,068	-
Licenses and permits	296,193	-	-	-	-
Intergovernmental	507,981	2,097,643	-	100,000	-
Use of money and property	199,550	7,500	-	-	18,314
Charges for service	3,120,967	630,665	-	-	-
Other fines	334,261	-	-	-	-
Miscellaneous	31,691	23,367	-	-	-
Total revenues	<u>8,873,562</u>	<u>2,759,175</u>	<u>971,896</u>	<u>2,939,068</u>	<u>3,717,144</u>
<b>EXPENDITURES:</b>					
Operating:					
Public safety	5,814,754	-	-	-	-
Public works	1,631,354	3,790,082	-	-	-
Health and social services	462,517	-	-	-	-
Culture and recreation	1,111,959	-	-	-	-
Community and economic development	333,924	-	121,147	-	-
General government	1,175,447	-	-	-	-
Bond issue costs	-	-	-	-	-
Capital outlay	133,942	117,281	12,471	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>10,663,897</u>	<u>3,907,363</u>	<u>133,618</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,790,335)</u>	<u>(1,148,188)</u>	<u>838,278</u>	<u>2,939,068</u>	<u>3,717,144</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Transfers in	2,085,814	1,604,168	-	-	-
Transfers out	(858,994)	(236,400)	(837,896)	(2,695,768)	(3,708,707)
Total other financing sources (uses)	<u>1,226,820</u>	<u>1,367,768</u>	<u>(837,896)</u>	<u>(2,695,768)</u>	<u>(3,708,707)</u>
Net change in fund balances	(563,515)	219,580	382	243,300	8,437
Fund balances - Beginning of year	<u>2,573,265</u>	<u>805,128</u>	<u>198,217</u>	<u>1,374,567</u>	<u>818,623</u>
Fund balances - End of year	\$ <u>2,009,750</u>	\$ <u>1,024,708</u>	\$ <u>198,599</u>	\$ <u>1,617,867</u>	\$ <u>827,060</u>

<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,872,515	\$ 899,775	\$ 11,258,084
-	-	3,406,919
-	-	296,193
-	758,739	3,464,363
-	704,646	930,010
-	465,094	4,216,726
-	-	334,261
21,265	714,178	790,501
<u>1,893,780</u>	<u>3,542,432</u>	<u>24,697,057</u>
-	205,000	6,019,754
-	440,255	5,861,691
-	84,104	546,621
-	1,060,423	2,172,382
-	327,838	782,909
-	1,232,171	2,407,618
20,348	28,756	49,104
-	1,786,367	2,050,061
<u>4,557,560</u>	<u>-</u>	<u>4,557,560</u>
<u>4,577,908</u>	<u>5,164,914</u>	<u>24,447,700</u>
<u>(2,684,128)</u>	<u>(1,622,482)</u>	<u>249,357</u>
1,430,000	3,735,346	5,165,346
2,691,579	1,484,647	7,866,208
<u>(1,429,711)</u>	<u>(298,069)</u>	<u>(10,065,545)</u>
<u>2,691,868</u>	<u>4,921,924</u>	<u>2,966,009</u>
7,740	3,299,442	3,215,366
<u>248,017</u>	<u>7,025,270</u>	<u>13,043,087</u>
\$ <u>255,757</u>	\$ <u>10,324,712</u>	\$ <u>16,258,453</u>

CITY OF OTTUMWA, IOWA

Exhibit 6

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE, 30, 2009

Net change in fund balances - Total governmental funds \$ 3,215,366

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	3,293,812
Deletion of capital assets, net of accumulated depreciation	(21,200)
Depreciation expense	(3,421,199)

Expenses in the statement of revenues, expenditures and changes in fund balances shown as prepaid expenses or construction in progress in the statement of activities.	(655,585)
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Revenues in the statement of revenues, expenditures and changes in fund balances shown as unearned revenue in the statement of activities.	(2,945)
--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund financial statements.	12,602
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, has any effect on net assets.	(1,446,000)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(428,670)
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Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The change in net assets of the Internal Service Funds is reported with governmental activities net of the amount allocated to business-type activities and component units.	<u>72,883</u>
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Change in net assets of governmental activities \$ 619,064

## CITY OF OTTUMWA, IOWA

Exhibit 7

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2009

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total Proprietary Funds	Internal Service Funds
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 2,211,716	\$ 2,903,027	\$ 640,917	\$ 198,176	\$ 6,853,835	\$ 1,498,283
Receivables:						
Accounts	220,889	974,278	-	764	1,195,731	-
Property taxes	-	-	69,328	389,204	458,532	-
Due from other governments	-	675	-	63,926	64,601	-
Prepaid expenses	18,164	50,188	-	22,328	90,680	-
Total current assets	2,450,569	3,928,168	610,245	674,397	7,663,379	1,498,283
Noncurrent assets:						
Capital assets:						
Land	87,500	42,228	1,644,648	80,000	1,854,376	-
Buildings	1,053,983	21,506,098	20,855,017	1,068,985	44,284,083	-
Improvements other than buildings	3,081,753	1,670,737	149,964	893,562	5,796,016	-
Machinery and equipment	2,686,268	2,217,564	868,970	2,711,633	8,482,433	-
Infrastructure	-	10,508,211	302,000	-	10,810,211	-
Construction in progress	366,226	8,380,348	-	138,825	8,885,397	-
Less accumulated depreciation	(4,008,678)	(13,490,870)	(1,687,750)	(3,232,084)	(22,419,182)	-
Total capital assets	3,267,050	30,834,514	21,930,849	1,660,921	57,693,334	-
Other assets:						
Intangible assets	-	307,682	400,000	-	707,662	-
Less accumulated amortization	-	(132,502)	(200,000)	-	(332,502)	-
Total other assets	-	175,180	200,000	-	375,180	-
Total noncurrent assets	3,267,050	31,009,674	22,130,849	1,660,921	58,068,494	-
<b>TOTAL ASSETS</b>	<b>\$ 5,717,619</b>	<b>\$ 34,937,842</b>	<b>\$ 22,741,094</b>	<b>\$ 2,335,318</b>	<b>\$ 65,731,873</b>	<b>\$ 1,498,283</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities:						
Accounts payable	\$ 105,681	\$ 869,064	\$ 48,538	\$ 18,421	\$ 1,041,704	\$ 440,760
Excess of outstanding checks over bank balance	-	-	-	16,187	16,187	-
Wages and benefits payable	13,300	29,800	-	14,400	57,500	-
Accrued interest payable	3,282	32,071	-	-	35,333	-
Compensated absences payable	37,887	65,811	-	13,032	116,730	-
Unearned property tax revenue	-	-	69,328	380,021	449,349	-
Unearned revenue	-	20,072	-	-	20,072	-
Due to other governments	29,086	-	-	-	29,086	-
Current portion of bonds payable	-	-	1,070,000	50,000	1,120,000	-
Current portion of notes payable	486,650	1,490,000	-	-	1,976,650	-
Total current liabilities	675,848	2,506,818	1,187,866	492,061	4,862,591	440,760
Long-term liabilities:						
Accrued landfill costs:						
Closure	879,955	-	-	-	879,955	-
Post closure	608,493	-	-	-	608,493	-
Other post employment benefits obligation	31,037	91,756	-	27,873	150,666	-
Bonds payable:						
Long-term	-	-	4,675,000	350,000	5,025,000	-
Notes payable:						
Long-term	638,350	13,644,832	-	-	14,483,182	-
Total long-term liabilities	2,357,835	13,736,588	4,675,000	377,873	21,147,296	-
<b>TOTAL LIABILITIES</b>	<b>3,033,681</b>	<b>16,243,406</b>	<b>5,862,866</b>	<b>869,934</b>	<b>26,009,887</b>	<b>440,760</b>
<b>NET ASSETS:</b>						
Investment in capital assets, net of related debt	1,942,050	15,699,682	16,185,849	1,280,921	35,088,502	-
Restricted for:						
Health insurance	-	-	-	-	-	486,301
Debt service	-	95,000	-	-	95,000	-
Unrestricted	741,888	2,899,754	692,379	204,463	4,538,484	571,222
<b>TOTAL NET ASSETS</b>	<b>2,683,938</b>	<b>18,694,436</b>	<b>16,878,228</b>	<b>1,465,384</b>	<b>39,721,986</b>	<b>1,057,523</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,717,619</b>	<b>\$ 34,937,842</b>	<b>\$ 22,741,094</b>	<b>\$ 2,335,318</b>	<b>\$ 65,731,873</b>	<b>\$ 1,498,283</b>

CITY OF OTTUMWA, IOWA

Exhibit 8

RECONCILIATION OF THE STATEMENT OF NET ASSETS - PROPRIETARY FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

Ending fund balance - Proprietary funds	\$ 39,721,986
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Amounts reported for business-type activities in the statement of net assets are different because:

Allocation of internal service funds income decreases due to other funds	<u>28,394</u>
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Net assets of business-type activities	\$ <u>39,750,380</u>
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## CITY OF OTTUMWA, IOWA

Exhibit 9

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total	Internal Service Funds
Operating revenues:						
Charges for service	\$ 1,952,214	\$ 5,039,368	\$ 583,117	\$ 427,539	\$ 8,002,238	\$ 2,520,634
Miscellaneous	<u>27,332</u>	<u>97,753</u>	<u>-</u>	<u>12,937</u>	<u>138,022</u>	<u>-</u>
Total operating revenues	<u>1,979,546</u>	<u>5,137,121</u>	<u>583,117</u>	<u>440,476</u>	<u>8,140,260</u>	<u>2,520,634</u>
Operating expenses:						
Operations	1,612,235	3,335,224	1,121,699	1,451,607	7,520,765	2,636,341
Provision for closure costs	57,616	-	-	-	57,616	-
Depreciation/amortization	<u>505,124</u>	<u>1,454,238</u>	<u>643,612</u>	<u>344,922</u>	<u>2,947,896</u>	<u>-</u>
Total operating expenses	<u>2,174,975</u>	<u>4,789,462</u>	<u>1,765,311</u>	<u>1,796,529</u>	<u>10,526,277</u>	<u>2,636,341</u>
Operating income (loss)	(195,429)	347,659	(1,182,194)	(1,356,053)	(2,386,017)	(115,707)
Nonoperating revenue (expense):						
Interest income	63,663	91,275	6,728	5,543	167,209	24,158
Donations	-	-	46,510	-	46,510	-
Interest on long-term debt	-	(248,784)	-	-	(248,784)	-
Property taxes	-	-	-	371,953	371,953	-
Intergovernmental	<u>156,032</u>	<u>685,466</u>	<u>-</u>	<u>627,990</u>	<u>1,469,488</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>219,695</u>	<u>527,957</u>	<u>53,238</u>	<u>1,005,486</u>	<u>1,806,376</u>	<u>24,158</u>
Income (loss) before transfers	24,266	875,616	(1,128,956)	(350,567)	(579,641)	(91,549)
Other financing sources (uses):						
Transfers in	-	2,801,026	1,540,550	180,000	4,521,576	394,900
Transfers out	<u>(14,600)</u>	<u>(2,451,316)</u>	<u>-</u>	<u>-</u>	<u>(2,465,916)</u>	<u>(251,223)</u>
Total other financing sources (uses)	<u>(14,600)</u>	<u>349,710</u>	<u>1,540,550</u>	<u>180,000</u>	<u>2,055,660</u>	<u>143,677</u>
Change in net assets	9,666	1,225,326	411,594	(170,567)	1,476,019	52,128
Net assets - Beginning of year	<u>2,674,272</u>	<u>17,469,110</u>	<u>16,466,634</u>	<u>1,635,951</u>	<u>38,245,967</u>	<u>1,005,395</u>
Net assets - End of year	\$ <u>2,683,938</u>	\$ <u>18,694,436</u>	\$ <u>16,878,228</u>	\$ <u>1,465,384</u>	\$ <u>39,721,986</u>	\$ <u>1,057,523</u>



CITY OF OTTUMWA, IOWA

Exhibit 10

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE, 30, 2009

Change in net assets - Total business-type funds \$ 1,476,019

Amounts reported for business-type activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The change in net assets of the Internal Service Funds is reported with business-type activities net of the amount allocated to governmental activities and component units.

(19,088)

Change in net assets of business-type activities \$ 1,456,931

CITY OF OTTUMWA, IOWA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Solid Waste</u>	<u>Sewer Utility</u>	<u>Events Center</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Cash received from operations	\$ 1,926,793	\$ 5,487,337	\$ 567,279
Cash paid to employees	(626,924)	(1,442,738)	-
Cash paid to suppliers	(894,920)	(1,590,861)	(1,023,743)
Cash used in operations	(1,521,844)	(3,033,599)	(1,023,743)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	404,949	2,453,738	(456,464)
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>			
Property taxes	-	-	-
Intergovernmental	156,032	685,466	-
Donations	-	-	46,510
Transfers from other funds	-	2,801,026	1,540,550
Transfers to other funds	(14,600)	(2,451,316)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	141,432	1,035,176	1,587,060
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Issuance of long-term debt	1,125,000	5,883,876	-
Payment of long-term debt:			
General obligation bonds	(200,000)	(185,000)	(1,035,000)
Notes payable	-	(1,326,000)	-
Payment of interest on long-term debt	-	(248,784)	-
Additions to property and equipment	(1,113,231)	(7,258,337)	(37,631)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(188,231)	(3,134,245)	(1,072,631)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest income received	63,663	91,275	6,728
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	421,813	445,944	64,693
<b><u>CASH AND CASH EQUIVALENTS - Beginning of year</u></b>	<u>1,789,903</u>	<u>2,457,083</u>	<u>476,224</u>
<b><u>CASH AND CASH EQUIVALENTS - End of year</u></b>	<u>\$ 2,211,716</u>	<u>\$ 2,903,027</u>	<u>\$ 540,917</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating income (loss)	\$ (195,429)	\$ 347,659	\$ (1,182,194)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization expense	505,124	1,454,238	643,612
Provision for closure costs adjustment	57,616	-	-
Changes in assets and liabilities:			
Decrease (increase) in receivables	(52,753)	(82,056)	(15,838)
Decrease in inventory	-	-	-
Decrease (increase) in prepaid expenses	(789)	(3,661)	250,000
Decrease in due from other governments	-	432,272	-
Increase (decrease) in accounts payable	50,322	166,442	(221,372)
Increase in excess of outstanding checks over bank balance	-	-	-
Increase (decrease) in wages and benefits payable	1,700	7,500	-
Increase in accrued interest payable	3,262	14,570	-
Increase (decrease) in compensated absences payable	5,140	4,946	-
Increase in other post employment benefits	31,037	91,756	-
Increase (decrease) in unearned revenue	-	20,072	69,328
Decrease in due to other funds	-	-	-
Decrease in due to other governments	(281)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 404,949	\$ 2,453,738	\$ (456,464)

Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
\$ <u>437,364</u>	\$ <u>8,418,773</u>	\$ <u>2,520,634</u>
(707,476)	(2,777,138)	(45,422)
<u>(852,727)</u>	<u>(4,362,251)</u>	<u>(2,670,820)</u>
<u>(1,560,203)</u>	<u>(7,139,389)</u>	<u>(2,716,242)</u>
<u>(1,122,839)</u>	<u>1,279,384</u>	<u>(195,608)</u>
369,771	369,771	-
627,990	1,469,488	-
-	46,510	-
180,000	4,521,576	394,900
-	<u>(2,465,916)</u>	<u>(251,223)</u>
<u>1,177,761</u>	<u>3,941,429</u>	<u>143,677</u>
-	7,008,876	-
(45,000)	(1,465,000)	-
-	(1,326,000)	-
-	(248,784)	-
<u>(138,826)</u>	<u>(8,548,025)</u>	-
<u>(183,826)</u>	<u>(4,578,933)</u>	-
5,543	167,209	24,158
(123,361)	809,089	(27,773)
<u>321,536</u>	<u>5,044,746</u>	<u>1,526,056</u>
\$ <u>198,175</u>	\$ <u>5,853,835</u>	\$ <u>1,498,283</u>
\$ (1,356,053)	\$ (2,386,017)	\$ (115,707)
344,922	2,947,896	-
-	57,616	-
475	(150,172)	-
45,055	45,055	-
7,820	253,370	-
55,626	487,898	-
(70,981)	(75,589)	(79,901)
16,187	16,187	-
(200)	9,000	-
-	17,832	-
(2,398)	7,688	-
27,873	150,666	-
(56,165)	33,235	-
(135,000)	(135,000)	-
-	(281)	-
\$ <u>(1,122,839)</u>	\$ <u>1,279,384</u>	\$ <u>(195,608)</u>

## CITY OF OTTUMWA, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Ottumwa, Iowa is a political subdivision of the State of Iowa located in Wapello County. It was first incorporated in 1851 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager form of government with the Mayor and Council members elected on a non-partisan basis. The City provides numerous services to its citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operates an airport, a water recreation park, a mass transportation system, and a wide range of parks and recreational facilities.

The financial statements of the City of Ottumwa, Iowa have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

#### Reporting Entity

For financial reporting purposes, the City of Ottumwa, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Ottumwa, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The City handles the cash management and financial reporting of the two component units. In addition, city employees perform the duties at the direction of the respective boards.

Discretely Presented Component Units: The component units' columns in the government-wide financial statements include the financial data of the City's component units. They are each reported in separate columns to emphasize that they are legally separate from the City. Separate financial statements of these two component units may be obtained from the City's finance department.

Hazardous Materials: The Hazardous Materials component unit includes all operations of the Hazardous Materials response team operated by the Ottumwa Fire Department, under the authority of the Southeast Iowa Response Group Board consisting of eleven county supervisors from Wapello County and ten nearby counties. The elected City officials are financially accountable for the organization. The City handles all of the accounting, budgeting, payroll, treasury management and administrative functions for the organization.

10-15 Transit: The 10-15 Transit component unit operates the bus service to various agencies and individuals provided in the ten county Area 15 under the authority of the 10-15 Transit Board consisting of ten county supervisors from Wapello County and nine surrounding counties. The elected City officials are financially accountable for the organization. The City handles all of the accounting, budgeting, payroll, treasury management and administrative functions for the organization.

#### Basis of Presentation

#### Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted net assets – result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor governmental and proprietary funds, respectively.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and capital improvement costs not paid from other funds.

Special Revenue:

State Road Use Tax - to account for State Road Use Tax allocated to the City to be used to maintain and improve the City streets.

Tax Increment Fund – tax increment financing for the Westgate Economic Development Urban Renewal Project Area and Airport Urban Renewal Project Area.

Local Option Sales Tax - to account for the 1% sales tax.

Employee Benefits - to account for property taxes assessed for employee benefits.

Debt Service - to account for the payment of interest and principal on the City's general long-term debt.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Enterprise:

Solid Waste – to account for the operation and maintenance of the recycling center and Ottumwa-Wapello County Landfill Facility.

Sewer Utility – to account for the operation and maintenance of the sanitary sewer treatment plant, collection lines and debt service on revenue bonds.

Events Center – to account for the operation and maintenance of the Bridge View Events Center facility (a Vision Iowa project).

Measurement Focus and Basis of Accounting

The Government-wide and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

General Fund

The General Fund accounts for the financial resources of the City that are not accounted for in any other fund. Principal sources of revenue are property taxes, state shared revenues, licenses and permits and charges for services. Primary expenditures are for police and fire protection, general administration and parks.

Special Revenue Funds

Special Revenue Funds account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. Funds included in this category are:

State Road Use Tax - to account for State Road Use Tax allocated to the City to be used to maintain and improve the City streets.

Tax Increment Fund - tax increment financing for the Westgate Economic Development Urban Renewal Project Area and Airport Urban Renewal Project Area.

Local Option Sales Tax - to account for the 1% sales tax.

Employee Benefits - to account for property taxes assessed for employee benefits.

Airport - to account for all operations of the regional airport under guidance of the Airport Advisory Board.

Emergency - to account for the special 27¢ tax levy.

Library - to account for all operations of the Public Library under guidance of the Library Board.

Cemetery - to account for operations of the Ottumwa, Calvary and Jewish Cemeteries under guidance of the Cemetery Board of Trustees.

Block Grants - to account for monies received to rehabilitate and maintain declining areas.

Risk Management - to account for the City's property and casualty insurance coverage, and Iowa Code Chapter 411 medical coverage for fire fighters and police officers.

Fire Bequest - to account for donations and grants received to purchase items for the Fire Department.

Retiree Health Insurance - to account for medical and life insurance costs of City retirees.

Library Bequest - to account for donations to the Library designated for purposes other than general operations.

Park Bequest - to account for donations, grants and expenses of the Trees Forever Committee.

Police Bequest - to account for donations and service fees to the Police Department designated for purposes other than general operations.

Historic Preservation - to account for grants and related items with or concerning the Historic Preservation Commission.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Capital Projects Funds

Capital Projects Funds account for financial resources to be used for the acquisition and construction of capital facilities and other fixed assets with the exception of those that are financed by special assessments or by enterprise fund monies. Capital projects for enterprise fund activities are accounted for in the Capital Projects Funds when these projects are financed through the issuance of general obligation bonds, revenue bonds, intergovernmental revenues or major private donations.

Sidewalks - to account for bonds issued, assessments and construction costs for sidewalks assessed to property owners.

Airport Projects - to account for airport improvements.

Street Projects - to account for bond proceeds and construction costs of street projects.

Park Projects - to account for bond proceeds, donations and grants for construction of recreation trails and other park projects.

Other Bond Projects – to account for monies received for miscellaneous development projects.

Levee Repairs - to account for bond proceeds for levee repair projects.

Debt Service Fund – to account for the payment of principal and interest on the City's general obligation debt.

Permanent Funds:

Cemetery Perpetual Care - to account for the collection of a portion of cemetery lot sales designated for perpetual care.

Cemetery Memorial - to account for the collection of contributions for floral decoration on lots, Fry bequests and Hall bequests.

Proprietary Fund Types

Enterprise Funds

Enterprise Funds are used to account for operations which are intended to be self-supporting primarily through user charges. Included in this category are:

Solid Waste - to account for the operation and maintenance of the recycling center and Ottumwa-Wapello County Landfill facility.

Sewer Utility - to account for the operation and maintenance of the sanitary sewer treatment plant, collection lines and debt service on revenue bonds.

Events Center – to account for the operation and maintenance of the Bridge View Events Center facility.

Transit - to account for the operation of the City Public Transit System.

Golf Course - to account for the operation and maintenance of the Cedar Creek Golf Course.



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Continued)

Internal Service Funds

Internal Service Funds are used to account for the operation of the Payroll Clearing, Equipment Purchasing and Employee Insurance funds. Charges are made to other City departments to support these activities, including equipment replacement.

Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on substantially the same basis used for financial reporting following required public notice and hearing for all funds. The City budgets capital items and debt principal in the proprietary funds. In addition, depreciation is not budgeted in the proprietary funds. Amendments to the budget are considered and reviewed throughout the fiscal year. Amendments are subject to departmental review and by justification of the City Administrator. The budget is formally amended by the City Council following required public notice and hearing. Annual appropriated budgets are adopted for all City funds. All appropriations lapse at fiscal year end.

Formal and legal budgetary control is based upon nine major classes of expenditures, known as functions, not by fund. These nine functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Expenditures may not exceed the overall appropriation for the City. Management may transfer appropriations within each function.

The City Administrator presents the annual budget to the City Council for consideration no later than January 31. The Council holds hearings with the public prior to the budget being adopted. By March 15, the adopted budget is certified to the County Auditor who, in turn, certifies the City budget to the Iowa Department of Management.

This budget is effective July 1 and becomes the appropriations for the fiscal year. Strong emphasis is placed on monitoring of budgets especially by major classifications such as personal services, commodities and contractual services and capital outlay. Monthly reports are prepared for each activity and program in order to assure that program expenditures do not exceed budgeted amounts.

The budgetary comparison and related disclosures are reported as required supplementary information. During the year ended June 30, 2009, disbursements exceeded the amount budgeted in the health and social services function.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deposits and Investments

The City maintains one primary demand deposit account through which the City's cash resources are processed. These deposits are invested on a short-term basis with interest allocated to the respective funds in proportion to each funds' average cash balance during the fiscal year.

The City's deposits, in banks, at June 30, 2009, were entirely covered by federal depository insurance, collateralized with securities or letters of credit held by the City or City's agent in the City's name or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts and warrants or improvement certificates of a drainage district.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Cash and pooled investments are considered "cash and cash equivalents" for statement of cash flows purposes even though they may still be subject to credit risk, concentration risk, or custodial credit risk. Certificates of deposit and U.S. Treasury Bills with maturities in excess of 397 days are considered investments for statement of cash flows purposes. Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value.

The City's cash and investments at June 30, 2009, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Cash and Pooled Investments:</u>		
Savings accounts	\$ 8,330	\$ 8,330
Time deposits	18,500,000	18,500,000
Iowa Public Agency Investment Trust	<u>3,840,417</u>	<u>3,840,417</u>
Total pooled funds	22,348,747	22,348,747
Cash on hand	2,605	2,605
Checking	55,467	55,467
Time deposits	436,195	436,195
Savings accounts	<u>2,751</u>	<u>2,751</u>
Net cash and pooled investments	\$ <u>22,845,765</u>	\$ <u>22,845,765</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

The City has recorded several types of receivables on its balance sheet from sources around the State of Iowa, including the state and federal governments, through grant agreements. The risk of loss on receivables is the balance owed at the time of default. No allowance for bad debts is considered necessary.

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing in Governmental and Proprietary Funds is accounted for using the accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represent taxes collected by the County but not remitted to the City at June 30, 2009 and unpaid taxes. The succeeding year property tax receivable represent taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2008.

Customer Accounts and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due from and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market. It consists of parts and supplies in the Central Garage and merchandise and concessions at The Beach Ottumwa. Inventories are recorded as expenses when consumed rather than when purchased.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the City) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets and in the Proprietary Funds Statement of Net Assets. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Buildings and other improvements	\$ 25,000
Machinery and equipment	5,000
Infrastructure	25,000

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings	15 to 50 Years
Other improvements	8 to 50 Years
Vehicles	5 to 15 Years
Other equipment	5 to 20 Years
Infrastructure	15 to 30 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied.

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business type activities column in the Statement of Net Assets and the proprietary fund Statement of Net Assets.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Interfund Transactions

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers and are reported as other financing sources (uses) in the Governmental Fund Types.

Nonrecurring or nonroutine transfers of equity between funds are recorded as equity transfers and, accordingly, are reported as additions or deductions from balances of Governmental Fund Types.

Intangible Assets

Intangible assets are amortized on the straight-line method over the life of the respective expenditure.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 2: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2009 was as follows:

	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
Governmental Activities:				
By type:				
Capital assets not being depreciated:				
Land	\$ 3,532,781	\$ -	\$ -	\$ 3,532,781
Construction in progress	1,472,232	1,874,979	2,527,536	819,675
Total capital assets not being depreciated	<u>5,005,013</u>	<u>1,874,979</u>	<u>2,527,536</u>	<u>4,352,456</u>
Capital assets being depreciated:				
Buildings	11,404,916	-	-	11,404,916
Improvements other than buildings	1,380,652	215,440	-	1,596,092
Machinery and equipment	7,819,265	375,289	96,672	8,097,882
Infrastructure	54,185,883	2,703,083	-	56,888,966
	<u>74,790,716</u>	<u>3,293,812</u>	<u>96,672</u>	<u>77,987,856</u>
Less accumulated depreciation:				
Buildings	(7,912,421)	(265,267)	-	(8,177,688)
Improvements other than buildings	(625,579)	(109,274)	-	(734,853)
Machinery and equipment	(5,471,715)	(861,234)	(75,472)	(6,257,477)
Infrastructure	(28,876,681)	(2,185,424)	-	(31,062,105)
	<u>(42,886,396)</u>	<u>(3,421,199)</u>	<u>(75,472)</u>	<u>(46,232,123)</u>
Total capital assets being depreciated, net	<u>31,904,320</u>	<u>(127,387)</u>	<u>21,200</u>	<u>31,755,733</u>
Governmental activities capital assets, net	\$ <u>36,909,333</u>	\$ <u>1,747,592</u>	\$ <u>2,548,736</u>	\$ <u>36,108,189</u>
By function and activity:				
General government:				
City clerk	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	104,602	12,085	-	116,687
City hall	3,132,603	-	-	3,132,603
Risk management	1,537	-	-	1,537
Public information	47,099	-	-	47,099
Total general government	<u>3,296,214</u>	<u>12,085</u>	<u>-</u>	<u>3,308,299</u>
Public safety:				
Police	800,780	98,992	-	899,772
Fire	2,773,485	5,825	-	2,779,310
Health and inspection	86,748	14,764	-	101,512
Animal control	26,287	-	-	26,287
Total public safety	<u>3,687,300</u>	<u>119,581</u>	<u>-</u>	<u>3,806,881</u>
Highways and streets:				
Traffic maintenance	470,564	31,766	20,178	482,152
Electric/traffic light maintenance	423,395	-	-	423,395
Engineering	73,007	14,809	-	87,816
Street maintenance	2,368,809	85,472	-	2,454,281
Snow/ice maintenance	143,169	-	-	143,169
Street cleaning	418,987	-	-	418,987
Street projects (including sidewalks)	34,138,975	1,617,499	-	35,756,474
Parking	1,303,092	-	-	1,303,092
Total highways and streets	<u>39,339,998</u>	<u>1,749,546</u>	<u>20,178</u>	<u>41,069,366</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 2: CAPITAL ASSETS (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
<u>By function and activity: (Continued)</u>				
Culture and recreation:				
Library	1,450,315	-	-	1,450,315
Parks	2,161,778	26,089	20,159	2,167,708
Senior citizens center	131,316	-	-	131,316
The Beach	3,565,725	96,786	-	3,662,511
Trails	203,682	209,262	-	412,944
Total culture and recreation	<u>7,512,816</u>	<u>332,137</u>	<u>20,159</u>	<u>7,824,794</u>
 Cemetery	 <u>671,558</u>	 <u>12,401</u>	 <u>13,702</u>	 <u>670,257</u>
 Airport	 <u>9,486,354</u>	 <u>1,068,062</u>	 <u>42,633</u>	 <u>10,511,783</u>
 Construction in progress	 <u>1,472,232</u>	 <u>1,874,979</u>	 <u>2,527,536</u>	 <u>819,675</u>
 Levee	 <u>168,580</u>	 <u>-</u>	 <u>-</u>	 <u>168,580</u>
 TIF projects	 <u>11,905,594</u>	 <u>-</u>	 <u>-</u>	 <u>11,905,594</u>
 Downtown Step One	 <u>275,163</u>	 <u>-</u>	 <u>-</u>	 <u>275,163</u>
 Land - No designation	 <u>1,979,920</u>	 <u>-</u>	 <u>-</u>	 <u>1,979,920</u>
Total governmental activities	\$ <u>79,795,729</u>	\$ <u>5,168,791</u>	\$ <u>2,624,208</u>	\$ <u>82,340,312</u>

## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

## NOTE 2: CAPITAL ASSETS (Continued)

	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infra- structure	Construction in Progress	Total
By function and activity							
General government:							
City clerk	\$ -	\$ -	\$ -	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	-	-	-	116,687	-	-	116,687
City hall	-	2,925,180	-	-	207,423	-	3,132,603
Risk management	-	-	-	1,537	-	-	1,537
Public information	-	-	-	47,099	-	-	47,099
Total general government	-	2,925,180	-	175,696	207,423	-	3,308,299
Public safety:							
Police	-	-	-	899,772	-	-	899,772
Fire	-	983,243	65,291	1,619,973	110,803	-	2,779,310
Health and inspection	-	-	-	101,512	-	-	101,512
Animal control	-	-	-	26,287	-	-	26,287
Total public safety	-	983,243	65,291	2,647,544	110,803	-	3,806,881
Highways and streets:							
Traffic maintenance	-	134,900	-	177,322	169,930	-	482,152
Electric/traffic light maintenance	-	-	-	194,105	229,290	-	423,395
Engineering	-	-	-	87,816	-	-	87,816
Street maintenance	56,240	367,120	31,900	1,999,021	-	-	2,454,281
Snow/ice maintenance	-	63,679	-	79,490	-	-	143,169
Street cleaning	-	-	-	418,987	-	-	418,987
Street projects (including sidewalks)	-	-	-	-	35,756,474	-	35,756,474
Parking	653,718	39,754	-	10,895	598,725	-	1,303,092
Total highways and streets	709,958	605,453	31,900	2,967,636	36,754,419	-	41,069,366
Culture and recreation:							
Library	-	1,038,222	104,127	272,482	35,484	-	1,450,315
Parks	-	256,957	515,644	707,780	687,327	-	2,167,708
Senior citizens center	-	-	-	-	131,316	-	131,316
The Beach	283,421	2,458,704	375,645	544,741	-	-	3,662,511
Trails	-	-	-	-	412,944	-	412,944
Total culture and recreation	283,421	3,753,883	995,416	1,525,003	1,267,071	-	7,824,794
Cemetery	26,000	268,484	146,032	183,550	46,191	-	670,257
Airport	372,575	2,738,417	188,873	598,453	6,613,465	-	10,511,783
Construction in progress	-	-	-	-	-	819,675	819,675
Levee	-	-	168,580	-	-	-	168,580
TIF projects	16,000	-	-	-	11,889,594	-	11,905,594
Downtown Step One	144,907	130,256	-	-	-	-	275,163
Land - No designation	1,979,920	-	-	-	-	-	1,979,920
Total governmental activities	\$ 3,532,781	\$ 11,404,916	\$ 1,596,092	\$ 8,097,882	\$ 56,888,966	\$ 819,675	\$ 82,340,312



## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

## NOTE 2: CAPITAL ASSETS (Continued)

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
Business type activities:				
By type:				
Capital assets not being depreciated:				
Land	\$ 1,854,376	\$ -	\$ -	\$ 1,854,376
Construction in progress	1,635,020	7,323,470	73,093	8,885,397
Total capital assets not being depreciated	3,489,396	7,323,470	73,093	10,739,773
Capital assets being depreciated:				
Buildings	44,137,402	146,681	-	44,284,083
Improvements other than buildings	5,688,911	107,105	-	5,796,016
Machinery and equipment	7,861,825	1,071,814	451,206	8,482,433
Infrastructure	10,689,614	110,597	-	10,810,211
	68,387,752	1,436,197	451,206	69,372,743
Less accumulated depreciation:				
Buildings	(11,631,571)	(1,195,828)	-	(12,827,399)
Improvements other than buildings	(2,528,989)	(331,315)	-	(2,860,304)
Machinery and equipment	(5,302,395)	(898,601)	(278,954)	(5,922,042)
Infrastructure	(382,670)	(426,767)	-	(809,437)
	(19,845,625)	(2,852,511)	(278,954)	(22,419,182)
Total capital assets being depreciated, net	48,542,127	(1,416,314)	172,252	46,953,561
Business type activities capital assets, net	\$ 52,031,523	\$ 5,907,156	\$ 245,345	\$ 57,693,334
By function and activity:				
Solid waste	\$ 6,354,787	\$ 918,187	\$ 363,472	\$ 6,909,502
Sewer utility	35,587,655	444,917	87,734	35,944,838
Events center	23,545,506	73,093	-	23,618,599
Transit	3,210,261	-	-	3,210,261
Golf course	1,543,919	-	-	1,543,919
Construction in progress	1,635,020	7,323,470	73,093	8,885,397
Total business type	\$ 71,877,148	\$ 8,759,667	\$ 524,299	\$ 80,112,516

	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infra- structure	Construction in Progress	Total
By function and activity							
Solid waste	\$ 87,500	\$ 1,053,983	\$ 3,081,753	\$ 2,686,266	\$ -	\$ -	\$ 6,909,502
Sewer utility	42,228	21,506,098	1,670,737	2,217,564	10,508,211	-	35,944,838
Events center	1,644,648	20,655,017	149,964	866,970	302,000	-	23,618,599
Transit	-	894,130	-	2,316,131	-	-	3,210,261
Golf course	80,000	174,856	893,562	395,502	-	-	1,543,919
Construction in progress	-	-	-	-	-	8,885,397	8,885,397
Total business type assets	\$ 1,854,376	\$ 44,284,083	\$ 5,796,016	\$ 8,482,433	\$ 10,810,211	\$ 8,885,397	\$ 80,112,516

## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

## NOTE 2: CAPITAL ASSETS (Continued)

A summary of property, plant and equipment at June 30, 2009, was as follows:

	Business Type	Governmental Activities
Capital assets not being depreciated:		
Land	\$ 1,854,376	\$ 3,532,781
Construction in progress	8,885,397	819,675
Total capital assets not being depreciated	10,739,773	4,352,456
Capital assets being depreciated:		
Buildings	44,284,083	11,404,916
Improvements other than buildings	5,796,016	1,596,092
Machinery and equipment	8,482,433	8,097,882
Infrastructure	10,810,211	56,888,966
	69,372,743	77,987,856
Less accumulated depreciation	(22,419,182)	(46,232,123)
Total capital assets being depreciated, net	46,953,561	31,755,733
Total capital assets, net	\$ 57,693,334	\$ 36,108,189

Depreciation/amortization expense was charged to functions of the primary government as follows:

Government activities:	
General government	\$ 79,051
Public safety	278,852
Public services	2,163,270
Culture and recreation	318,619
Community development	581,407
Total depreciation expense - Governmental activities	\$ 3,421,199
Business type activities	
Solid waste	\$ 505,124
Sewer utility	1,454,238
Events center	643,612
Other business type activities	344,922
Total depreciation/amortization expense - Business type activities	\$ 2,947,896

## Discretely presented component units

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
By type:				
Capital assets not being depreciated:	\$ -	\$ -	\$ -	\$ -
Capital assets being depreciated:				
Buildings	239,400	-	-	239,400
Machinery and equipment	2,726,382	291,685	136,546	2,881,521
	2,965,782	291,685	136,546	3,120,921
Less accumulated depreciation:				
Buildings	(25,706)	(12,559)	-	(38,265)
Machinery and equipment	(1,247,280)	(379,863)	(88,343)	(1,538,000)
	(1,272,986)	(392,422)	(88,343)	(1,577,065)
Total assets being depreciated, net	1,692,796	(100,737)	48,203	1,543,856
Total discretely presented component units capital assets, net	\$ 1,692,796	\$ (100,737)	\$ 48,203	\$ 1,543,856
By function and activity:				
Hazard materials	\$ 404,885	\$ -	\$ -	\$ 404,885
10-15 transit	2,560,897	291,685	136,546	2,716,036
Total discretely presented component units	\$ 2,965,782	\$ 291,685	\$ 136,546	\$ 3,120,921
Total depreciation expense - Discretely presented component units				\$ 392,422

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 3: LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds/notes	\$ 7,200,000	\$ 5,105,000	\$ 3,755,000	\$ 8,550,000	\$ 2,358,350
Compensated absences	563,887	576,370	519,340	620,917	529,753
Net OPEB liability	-	456,496	-	456,496	-
Total	\$ 7,763,887	\$ 6,137,866	\$ 4,274,340	\$ 9,627,413	\$ 2,888,103
Business type activities:					
General obligation bonds/notes	\$ 11,367,148	\$ 5,098,108	\$ 1,931,000	\$ 14,534,256	\$ 2,111,650
Revenue notes	7,019,808	1,910,768	860,000	8,070,576	985,000
Compensated absences	109,042	116,730	109,042	116,730	116,730
Net OPEB liability	-	150,666	-	150,666	-
Total	\$ 18,495,998	\$ 7,276,272	\$ 2,900,042	\$ 22,872,228	\$ 3,213,380
Component unit:					
General obligation bonds	\$ 45,000	-	\$ 20,000	\$ 25,000	\$ 25,000

A summary of the annual general obligation bond/note principal and interest requirements to maturity by year is as follows:

<u>June 30,</u>	<u>General Obligations</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total*</u>
2010	\$ 4,495,000	\$ 490,922	\$ 4,985,922
2011	4,509,000	427,301	4,936,301
2012	3,210,000	342,579	3,552,579
2013	3,041,000	300,067	3,341,067
2014	2,967,000	257,501	3,224,501
2015	1,842,000	165,734	2,007,734
2016	809,661	118,668	928,329
2017	194,000	67,440	261,440
2018	200,000	61,620	261,620
2019	207,000	55,620	262,620
2020	213,000	49,410	262,410
2021	220,000	43,020	263,020
2022	227,000	36,420	263,420
2023	235,000	29,610	264,610
2024	243,000	22,560	265,560
2025	250,000	15,270	265,270
2026	246,595	7,770	254,365
Total	\$ 23,109,256	\$ 2,491,512	\$ 25,600,768

\* Part of these payments will come from sources other than the debt service tax levy.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 3: LONG-TERM LIABILITIES (Continued)

The following is a summary of bond/note transactions for the year ended June 30, 2009, and details of bonds/notes payable at June 30, 2009:

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
<u>General Obligation Bonds/Notes:</u>			
General Obligation Bonds - Series 1994B	February 1, 1994	4.40-5.125 %	\$ 2,715,000
General Obligation Bonds - Series 2001C	November 1, 2001	3.40-4.30	600,000
General Obligation Bonds - Series 2002	August 1, 2002	2.00-4.00	1,500,000
General Obligation Bonds - Series 2002D	December 1, 2002	2.00-4.00	1,100,000
General Obligation Bonds - Series 2005	February 1, 2005	2.15-2.90	2,435,000
General Obligation Bonds - Series 2005A	December 1, 2005	3.25-3.50	500,000
General Obligation Bonds - Series 2006	October 30, 2006	4.00	2,600,000
General Obligation Bonds - Series 2007	January 1, 2007	3.65	2,110,000
General Obligation Note - Series 2008A	February 1, 2008	4.25	250,000
General Obligation Note - Series 2008B	February 1, 2008	3.50	430,000
General Obligation Note - Series 2009	February 10, 2009	2.35-3.00	3,675,000
General Obligation Note - Series 2009A	March 9, 2009	1.70-2.35	1,430,000
<u>Proprietary Fund Debt:</u>			
General Obligation Bonds - Series 2001B	March 1, 2001	4.40-4.90	700,000
General Obligation Bonds - Series 2003	March 1, 2003	3.00-4.25	11,000,000
General Obligation Note - Clean Water Project Phase 1	October 1, 2006	3.00	4,500,000
General Obligation Note - Series 2007A	June 1, 2007	3.65	500,000
General Obligation Note - Series 2009	February 10, 2009	2.35-3.00	1,125,000
General Obligation Note - Clean Water Project Phase 2	June 4, 2008	3.00	5,800,000
<u>Component Unit Debt:</u>			
General Obligation Bonds - Series 2005	February 1, 2005	2.15-2.90	2,435,000
Grand Total			

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Paid During Year</u>	<u>Balance End of Year</u>	<u>Interest Expense</u>	<u>Interest Due and Unpaid</u>
\$ 875,000	\$ -	\$ 875,000	\$ -	\$ 40,846	\$ -
295,000	-	295,000	-	11,051	-
755,000	-	755,000	-	26,043	-
610,000	-	135,000	475,000	22,295	1,427
155,000	-	80,000	75,000	4,340	173
315,000	-	100,000	215,000	10,770	590
2,355,000	-	255,000	2,100,000	94,200	6,674
1,160,000	-	1,160,000	-	56,260	-
250,000	-	45,000	205,000	12,845	700
430,000	-	55,000	375,000	19,926	998
-	3,675,000	-	3,675,000	291,137	16,859
-	1,430,000	-	1,430,000	57,237	4,451
<u>7,200,000</u>	<u>5,105,000</u>	<u>3,755,000</u>	<u>8,550,000</u>	<u>646,950</u>	<u>31,872</u>
445,000	-	45,000	400,000	20,700	1,487
6,780,000	-	1,035,000	5,745,000	264,198	18,215
3,444,082	173,513	185,000	3,432,595	116,291	9,545
400,000	-	200,000	200,000	14,600	580
-	1,125,000	-	1,125,000	86,963	5,036
298,066	3,799,595	466,000	3,631,661	58,259	8,656
<u>11,367,148</u>	<u>5,098,108</u>	<u>1,931,000</u>	<u>14,534,256</u>	<u>561,011</u>	<u>43,519</u>
45,000	-	20,000	25,000	1,260	57
\$ <u>18,612,148</u>	\$ <u>10,203,108</u>	\$ <u>5,706,000</u>	\$ <u>23,109,256</u>	\$ <u>1,209,221</u>	\$ <u>75,448</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 4: PENSION AND RETIREMENT BENEFITS

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

The City contributes to the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which is a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees. MFPRSI provides retirement, disability and death benefits which are established by state statute to plan members and beneficiaries. MFPRSI issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th Street, Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17% of earnable compensation. Contribution requirements are established by state statute. The City's contributions to MFPRSI for the years ended June 30, 2009, 2008 and 2007, which were equal to the required contribution for each year, respectively, are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Invested</u>
2009	\$ 625,576	100%
2008	\$ 1,086,329	100%
2007	\$ 833,351	100%

Iowa Public Employees Retirement System

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2009, 2008 and 2007, which were equal to the required contribution for each year, respectively, are as follows:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percentage Invested</u>
2009	\$ 406,015	100%
2008	\$ 379,908	100%
2007	\$ 354,026	100%

NOTE 5: OTHER EMPLOYEE BENEFITS

All full-time City employees accumulate vacation hours for subsequent use or payment upon termination, death or retirement. The maximum vacation accumulation is limited to one and one-half (two and one-half for fire fighters) the amount earned in one year. Any unused vacation accumulation is payable upon termination, death or retirement.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 5: OTHER EMPLOYEE BENEFITS (Continued)

All full-time City employees accumulate sick leave hours for subsequent use. No accumulation of sick leave is payable upon termination, death or retirement, except for those employees who continue under the retirement plan in effect prior to July 1, 1990. Upon retirement, employees under this plan, receive one-half of unused sick leave, up to a maximum of \$5,000.

<u>Business Type Funds</u>	<u>Vacation</u>	<u>Sick Leave</u>	<u>Total</u>	<u>Due Within One Year</u>
<u>Enterprise Funds:</u>				
Solid waste	\$ 37,887	\$ -	\$ 37,887	\$ 37,887
Sewer utility	65,811	-	65,811	65,811
Transit	13,032	-	13,032	13,032
Total Enterprise Funds	<u>116,730</u>	<u>-</u>	<u>116,730</u>	<u>116,730</u>
<u>Governmental Funds</u>				
<u>Special Revenue Funds:</u>				
Airport	9,407	-	9,407	9,407
Library	15,871	-	15,871	15,871
Cemetery	13,001	-	13,001	13,001
Block grants	1,677	-	1,677	1,677
State road use tax	<u>62,351</u>	<u>5,500</u>	<u>67,851</u>	<u>67,851</u>
Total Special Revenue Funds	102,307	5,500	107,807	107,807
<u>General</u>	<u>513,110</u>	<u>-</u>	<u>513,110</u>	<u>421,946</u>
Total Governmental Funds	<u>615,417</u>	<u>5,500</u>	<u>620,917</u>	<u>529,753</u>
Total – All funds	\$ <u>732,147</u>	\$ <u>5,500</u>	\$ <u>737,647</u>	\$ <u>646,483</u>

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions during the year ended June 30, 2009.

Plan Description – The City operates a single-employer health care plan which provides health, dental and life benefits to retirees and their spouses participating until death with surviving spouse benefits. There are 56 active and 121 retired members in the plan.

All employees hired before February 22, 1993 with twenty years of service are eligible for post-retirement benefits.

Required monthly contributions vary and are a percent of total cost. GASB requires estimated retiree costs to be based on experience taking the older ages in to account. The excess of expected age adjusted (or actual) costs over retiree contributions equals the implicit subsidy that forms the baseline cost for the valuation.

Health benefits for actives and retirees under 65 and dental are self-funded but administered by Wellmark. For persons over 65 a Medicare Supplement plan is purchased and prescription drug coverage is the same as for actives and under 65 retirees.

Life insurance for retirees is \$4,000 with no additional reductions. Retirees do not contribute for this coverage.

# CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

### NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree health care on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 925,488
Interest on net OPEB obligation	41,647
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	967,135
Contributions made	<u>(359,973)</u>
Increase in net OPEB cost	607,162
Net OPEB obligation beginning of year	<u>-</u>
Net OPEB obligation end of year	\$ <u>607,162</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the City did not contribute to the plan.

The City's Annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ <u>967,135</u>	37.2 %	\$ <u>607,162</u>

Funded Status and Funding Progress – As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$14,363,186 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$14,363,186. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$2,672,000 and the ratio of the UAAL to covered payroll was 437.5%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 4.5%. The medical trend rate is reduced 0.5% each year until reaching the 4.5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the City's past experience. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 7: OTHER NOTES PAYABLE

During the year ended June 30, 1993, the City entered into an agreement with the Iowa Finance Authority to borrow \$4,476,000 with the issuance of a Sewer Revenue Capital Loan Note (Phase 1 of a 3 phase project). The note calls for annual principal payments beginning June 1, 1995 with interest due semiannually at the rate of 3.00%, changed from the original rate of 4.37% on December 1, 2005, with final maturity on June 1, 2014.

During the year ended June 30, 1995, the City entered into another agreement with the Iowa Finance Authority to borrow \$3,966,000 with the issuance of a Sewer Revenue Capital Loan Note (Phase 2 of a 3 phase project). The note calls for annual principal payments beginning June 1, 1996 with interest due semiannually at the rate of 3.00%, changed from the original rate of 3.74% on December 1, 2005, with final maturity on June 1, 2015.

During the year ended June 30, 1996, the City entered into an agreement with the Iowa Finance Authority to borrow \$6,588,000 with the issuance of a Sewer Revenue Capital Loan Note (Phase 3 of a 3 phase project). The note calls for annual payments beginning June 1, 1998, with interest due semi-annually at the rate of 3.00%, changed from the original rate of 4.19% on December 1, 2006, with final maturity on June 1, 2016.

During the year ended June 30, 2007, the City entered into an agreement with the Iowa Finance Authority in connection with the issuance of a Sewer Revenue Capital Loan Note for engineering, planning and design work related to the waste water plant and collection system. Interest is calculated at 0.00%, on the first \$250,000, 3.00% on proceeds in excess of \$250,000 for up to three years, until the negotiations of the note are finalized. Proceeds received during the fiscal year 2009 were \$1,240,401.

During the year ended June 30, 2009, the City entered into agreements with the Iowa Finance Authority in connection with the issuance of a Sewer Revenue Capital Loan Note for engineering, planning and design work related to the waste water plant and collection system. Interest is calculated at 0.00% on borrowings not to exceed \$665,000 and \$650,000, respectively for up to three years, until negotiations of the notes are finalized. These notes may be rolled over into future long-term SRF loans at the time of finalization. Proceeds received during the fiscal year 2009 were \$414,803 and \$255,564, respectively.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 7: OTHER NOTES PAYABLE (Continued)

The following is a summary of note transactions for the year ended June 30, 2009:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance Beginning of Year</u>	<u>Proceeds During Year</u>	<u>Payments During Year</u>	<u>Balance End of Year</u>	<u>Interest Expense</u>
<u>Business Type Funds:</u>						
Sewer Utility:						
Phase 1	3.00%	\$ 1,762,000	\$ -	\$ 263,000	\$1,499,000	\$ 52,680
Phase 2	3.00%	1,728,000	-	220,000	1,508,000	51,840
Phase 3	3.00%	3,349,000	-	377,000	2,972,000	100,470
Waste water plant improvements	0.00%-3.00%	180,808	1,240,401	-	1,421,209	23,847
Planning and design phase 3	0.00%	-	414,803	-	414,803	-
North side study	0.00%	-	255,564	-	255,564	-
Total enterprise funds		<u>\$ 7,019,808</u>	<u>\$ 1,910,768</u>	<u>\$ 860,000</u>	<u>\$ 8,070,576</u>	<u>\$ 228,837</u>

The following table summarizes the principal and interest due on the City's other notes payable:

<u>Fiscal Year</u>	<u>Business Type Funds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 985,000	\$ 259,552	\$ 1,244,552
2011	1,721,367	224,658	1,946,025
2012	1,092,000	188,500	1,280,500
2013	1,136,000	150,728	1,286,728
2014	1,164,000	111,532	1,275,532
2015	879,000	70,728	949,728
2016	641,000	38,552	679,552
2017	156,000	13,566	169,566
2018	160,000	8,886	168,886
2019	<u>136,209</u>	<u>4,086</u>	<u>140,295</u>
	<u>\$ 8,070,576</u>	<u>\$ 1,070,788</u>	<u>\$ 9,141,364</u>

NOTE 8: INTEREST EXPENSE

Interest expense for the year ended June 30, 2009 is summarized below:

<u>Fund</u>	<u>General Obligation Bonds</u>	<u>Other Notes</u>	<u>Total</u>
Debt service	\$ 551,963	\$ 482,708	\$ 1,034,671
Sewer utility	-	403,387	403,387
Totals	<u>\$ 551,963</u>	<u>\$ 886,095</u>	<u>\$ 1,438,058</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 9: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2009 the City had signed several construction contracts that are summarized below:

Total commitments	\$ 15,341,523
Less amounts paid or accrued	<u>(6,981,725)</u>
Remaining commitments	\$ <u>8,359,798</u>

A significant portion of these commitments are for street, sewer and airport projects, and transit improvements and are financed by general obligation bonds and FAA Grants. The remaining balance at June 30, 2009 will be paid as work on the projects progress.

NOTE 10: INTERNAL SERVICE FUNDS NET ASSETS

The following is a summary of the changes in the internal service funds net assets for the year ended June 30, 2009:

	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
Net assets - Beginning of year	\$ 427,545	\$ 577,850	\$ 1,005,395
Change in net assets	<u>143,677</u>	<u>(91,549)</u>	<u>52,128</u>
Net assets - End of year	\$ <u>571,222</u>	\$ <u>486,301</u>	\$ <u>1,057,523</u>

NOTE 11: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Ottumwa Cemetery. The amount is reflected in net assets as restricted for permanent funds. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2009, net appreciation of \$33,464 was available to be spent, of which \$33,464 is restricted to specific purposes.

NOTE 12: RESERVED NET ASSETS

Reserved net assets for the business type activities consisted of the following at June 30, 2009:

<u>Fund</u>	<u>Description</u>	<u>Total</u>
Sewer Sinking	Debt service	\$ <u>95,000</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 13: CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill is very large and the City expects it to remain in operation for another 40 to 50 years. The state and federal regulations require individual cells to be monitored for 30 years after closure. The \$1,488,448 reported as landfill closure and post closure care liability at June 30, 2009, represents the cumulative amount reported to date based on the use of 95% of the estimated capacity of the cell the City is currently using (which was recently expanded). The City will recognize the remaining cost of closure and post closure care, which was estimated to be \$1,087,409 as of June 30, 2009, as the estimated capacity is filled. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. As future cells are developed in the landfill, the related closure and post closure costs will be accounted for and accrued over the respective operating lives of each cell. The following table summarizes the estimated liability and funds set aside for closure and post closure costs:

	<u>Closure</u>	<u>Post Closure</u>	<u>Total</u>
Balance, July 1, 2008	\$ 830,590	\$ 600,242	\$ 1,430,832
Fiscal year 2009 costs adjusted	<u>49,365</u>	<u>8,251</u>	<u>57,616</u>
Balance, June 30, 2009	\$ <u>879,955</u>	\$ <u>608,493</u>	\$ <u>1,488,448</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$2,790 during the year ended June 30, 2009.

NOTE 15: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 577 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 200 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2009 were \$519,889.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 15: RISK MANAGEMENT (Continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim and \$10,000,000 in aggregate per year. For members requiring specific coverage from \$3,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2009, no liability has been recorded in the City's financial statements. As of June 30, 2009, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their casualty capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual casualty operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with public employee blanket bond. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 16: SELF INSURED HEALTH CARE

The City of Ottumwa maintains a self-funded health insurance plan for City employees. This plan is funded by the City and is administered by a third party. The City pays the administrator a monthly fixed fee for various claim administration services. The City carries specific stop-loss and aggregate stop-loss insurance against catastrophic losses. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The following is a summary of claims and changes in the liability for the year.

	<u>Year Ended</u>	
	<u>June 30, 2009</u>	<u>June 30, 2008</u>
Liability - Beginning of year	\$ 262,299	\$ 314,125
Payments and accruals	(2,670,820)	(2,477,221)
Estimated claims incurred	<u>2,636,341</u>	<u>2,425,395</u>
Liability - End of year	\$ <u>227,820</u>	\$ <u>262,299</u>

The above liabilities are included in accounts payable on the balance sheet.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 17: SEWER UTILITY FUND

The combining statement of net assets for the Sewer Utility Fund is as follows:

	<u>Sewer Utility</u>	<u>Sewer Sinking</u>	<u>Sewer Construction</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and pooled investments	\$ 2,254,762	\$ 95,000	\$ 553,265	\$ 2,903,027
Other assets	<u>32,034,815</u>	<u>-</u>	<u>-</u>	<u>32,034,815</u>
Total assets	\$ <u>34,289,577</u>	\$ <u>95,000</u>	\$ <u>553,265</u>	\$ <u>34,937,842</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>Liabilities</u>	\$ <u>15,663,735</u>	\$ <u>-</u>	\$ <u>579,671</u>	\$ <u>16,243,406</u>
<u>Net Assets:</u>				
Investment in capital assets, net of related debt	15,699,682	-	-	15,699,682
Retained earnings:				
Restricted:				
Debt service	-	95,000	-	95,000
Unrestricted	<u>2,926,160</u>	<u>-</u>	<u>(26,406)</u>	<u>2,899,754</u>
Total net assets	<u>18,625,842</u>	<u>95,000</u>	<u>(26,406)</u>	<u>18,694,436</u>
Total liabilities and net assets	\$ <u>34,289,577</u>	\$ <u>95,000</u>	\$ <u>553,265</u>	\$ <u>34,937,842</u>

The combining statement of revenues, expenses and changes in fund net assets for the Sewer Utility Fund is as follows:

	<u>Sewer Utility</u>	<u>Sewer Sinking</u>	<u>Sewer Construction</u>	<u>Total</u>
Operating revenues	\$ 5,137,121	\$ -	\$ -	\$ 5,137,121
Operating expenses	<u>4,789,462</u>	<u>-</u>	<u>-</u>	<u>4,789,462</u>
Operating income	347,659	-	-	347,659
Nonoperating income, net	<u>527,957</u>	<u>-</u>	<u>-</u>	<u>527,957</u>
Income before transfers	875,616	-	-	875,616
Transfers in	2,801,026	-	-	2,801,026
Transfers out	<u>(2,039,584)</u>	<u>-</u>	<u>(411,732)</u>	<u>(2,451,316)</u>
Change in net assets	1,637,058	-	(411,732)	1,225,326
Net assets - Beginning of year	<u>16,988,784</u>	<u>95,000</u>	<u>385,326</u>	<u>17,469,110</u>
Net assets - End of year	\$ <u>18,625,842</u>	\$ <u>95,000</u>	\$ <u>(26,406)</u>	\$ <u>18,694,436</u>

Schedule of sewer rates/Customer census

<u>Rate of Usage:</u>	
Base charge	\$12.50
Each 100 cubic foot unit	\$3.60

The Sewer Funds had 9662 meters in service at June 30, 2009.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

NOTE 18: INTERFUND TRANSFERS

The detail of Interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Internal Service	\$ 133,942
	Special Revenue:	
	Employee Benefits	1,816,159
	Emergency Fund	135,713
		<u>2,085,814</u>
State Road Use Tax Fund	Internal Service	117,281
	Special Revenue:	
	Local Option Sales Tax	856,686
	Employee Benefits	630,201
		<u>1,604,168</u>
Events Center	General	465,550
	Debt Service Fund	1,035,000
	Capital Project:	
	Street Projects	40,000
		<u>1,540,550</u>
Internal Service	General	149,000
	Special Revenue:	
	State Road Use tax	236,400
	Cemetery	9,500
		<u>394,900</u>
Nonmajor Special Revenue	General	109,444
	Special Revenue:	
	Employee Benefits	1,262,347
	Risk Management	8,132
	Permanent:	
	Cemetery Memorial	9,667
	Cemetery Perpetual Care	26,057
		<u>1,415,647</u>
Nonmajor Capital Project	Capital Project:	
	Street Projects	<u>69,000</u>
Sewer Utility	Special Revenue:	
	Local Option Sales Tax	539,584
	Proprietary:	
	Sewer Utility	1,911,731
	Debt Service	349,711
		<u>2,801,026</u>
Nonmajor Proprietary	General	135,000
	Debt Service	45,000
		<u>180,000</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	1,299,498
	Tax Increment Fund	837,896
	Proprietary:	
	Sewer Utility	539,585
	Solid Waste	14,600
		<u>2,691,579</u>
Total		\$ <u>12,782,684</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 19: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Emergency	\$ <u>3,351</u>

This balance results from an interfund loans to finance projects. Repayments will be made from future revenues.

NOTE 20: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2008 have been reclassified to conform with the June 30, 2009 presentation.



## **REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF OTTUMWA, IOWA

BUDGETARY COMPARISON SCHEDULE OF REVENUE, EXPENSES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (MODIFIED ACCRUAL BASIS) -  
GOVERNMENTAL AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Total <u>Actual</u>
<b><u>REVENUES:</u></b>			
Property tax	\$ 11,258,084	\$ 371,953	\$ 11,630,037
Other city tax	3,406,919	-	3,406,919
Licenses and permits	296,193	-	296,193
Intergovernmental	3,464,363	1,469,488	4,933,851
Use of money and property	930,010	167,209	1,097,219
Charges for service	4,216,726	8,002,238	12,218,964
Other fines	334,261	-	334,261
Miscellaneous	790,501	184,532	975,033
Total revenues	<u>24,697,057</u>	<u>10,195,420</u>	<u>34,892,477</u>
<b><u>EXPENSES:</u></b>			
Current:			
Public safety	6,019,754	-	6,019,754
Public works	5,861,691	-	5,861,691
Health and social services	546,621	-	546,621
Culture and recreation	2,172,382	-	2,172,382
Community and economic development	782,909	-	782,909
General government	2,456,722	-	2,456,722
Capital projects	2,050,061	-	2,050,061
Debt service	4,557,560	-	4,557,560
Business-type activities	-	12,048,454	12,048,454
Total expenses	<u>24,447,700</u>	<u>12,048,454</u>	<u>36,496,154</u>
Excess (deficiency) of revenues over (under) expenses	<u>249,357</u>	<u>(1,853,034)</u>	<u>(1,603,677)</u>
Other financing sources (uses):			
Issuance of debt	5,165,346	7,008,876	12,174,222
Transfers in	7,866,208	4,521,576	12,387,784
Transfers out	<u>(10,065,545)</u>	<u>(2,465,916)</u>	<u>(12,531,461)</u>
Total other financing sources (uses)	<u>2,966,009</u>	<u>9,064,536</u>	<u>12,030,545</u>
Net change in fund balances	3,215,366	7,211,502	10,426,868
Fund balance - Beginning of year	<u>13,043,087</u>	<u>38,245,967</u>	<u>51,289,054</u>
Fund balance - End of year	\$ <u>16,258,453</u>	\$ <u>45,457,469</u>	\$ <u>61,715,922</u>

See Accompanying Independent Auditor's Report

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 10,193,275	\$ 10,193,275	\$ 1,436,762
4,782,745	4,782,745	(1,375,826)
238,751	238,751	57,442
11,483,983	9,915,763	(4,981,912)
1,071,274	1,071,274	25,945
15,538,979	16,014,771	(3,795,807)
60,000	60,000	274,261
1,006,800	1,401,108	(426,075)
<u>44,375,807</u>	<u>43,677,687</u>	<u>(8,785,210)</u>
6,944,806	6,319,805	300,051
5,974,823	6,567,658	705,967
539,044	546,044	(577)
2,421,700	2,270,200	97,818
1,235,792	1,261,871	478,962
2,950,445	3,054,532	597,810
12,727,504	12,868,021	10,817,960
4,969,637	6,589,237	2,031,677
<u>17,827,098</u>	<u>18,917,234</u>	<u>6,868,780</u>
<u>55,590,849</u>	<u>58,394,602</u>	<u>21,898,448</u>
<u>(11,215,042)</u>	<u>(14,716,915)</u>	<u>13,113,238</u>
10,110,000	14,355,000	(2,180,778)
12,621,085	14,011,189	(1,623,405)
<u>(12,621,085)</u>	<u>(14,011,189)</u>	<u>1,479,728</u>
<u>10,110,000</u>	<u>14,355,000</u>	<u>(2,324,455)</u>
(1,105,042)	(361,915)	10,788,783
<u>16,352,868</u>	<u>15,477,105</u>	<u>35,811,949</u>
\$ <u>15,247,826</u>	\$ <u>15,115,190</u>	\$ <u>46,600,732</u>

CITY OF OTTUMWA, IOWA

BUDGET TO GAAP RECONCILIATION/  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING  
REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2009

	Budget Basis	Budget Adjustments	GAAP Basis
Revenues	\$ 10,195,420	\$ -	\$ 10,195,420
Expenditures/expenses	<u>12,048,454</u>	<u>(1,273,393)</u>	<u>10,775,061</u>
Net	(1,853,034)	(1,273,393)	(579,641)
Other financing sources, net	9,064,536	(7,008,876)	2,055,660
Beginning net assets	<u>38,245,967</u>	<u>-</u>	<u>38,245,967</u>
Ending net assets	\$ <u>45,457,469</u>	\$ <u>(5,735,483)</u>	\$ <u>39,721,986</u>

The budgetary comparison is presented as Required Supplementary Information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified accrual basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the modified accrual basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Project Funds, Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$2,803,753. These budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements in the health and social services function exceeded the amount budgeted.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 14,363,186	\$ 14,363,186	0.00%	\$ 2,672,000	437.5%

See Note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

## OTHER SUPPLEMENTARY INFORMATION

## CITY OF OTTUMWA, IOWA

Schedule 1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2009

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 3,184,232	\$ 6,153,858	\$ 758,574	\$ 10,096,664
Receivables:				
Property taxes	933,705	20,599	-	954,304
Accounts	26,477	113,777	-	140,254
Other governments	23,037	258,265	-	281,302
Prepaid insurance	186,650	-	-	186,650
Deposit	25,000	-	-	25,000
<b>TOTAL ASSETS</b>	<b>\$ 4,379,101</b>	<b>\$ 6,546,499</b>	<b>\$ 758,574</b>	<b>\$ 11,684,174</b>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 77,474	\$ 63,233	\$ -	\$ 140,707
Excess of outstanding checks over bank balance	16,186	-	-	16,186
Wages and benefits payable	20,900	-	-	20,900
Unearned property tax revenue	911,491	-	-	911,491
Unearned revenue	18,480	248,347	-	266,827
Due to other funds	3,351	-	-	3,351
<b>TOTAL LIABILITIES</b>	<b>1,047,882</b>	<b>311,580</b>	<b>-</b>	<b>1,359,462</b>
<u>FUND BALANCES:</u>				
Reserved for:				
Capital/construction	38,168	6,234,919	-	6,273,087
Prepaid insurance	186,650	-	-	186,650
Endowments	574,868	-	135,834	710,702
Perpetual care	-	-	622,740	622,740
Insurance	1,689,551	-	-	1,689,551
Unreserved, undesignated	841,982	-	-	841,982
<b>TOTAL FUND BALANCES</b>	<b>3,331,219</b>	<b>6,234,919</b>	<b>758,574</b>	<b>10,324,712</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,379,101</b>	<b>\$ 6,546,499</b>	<b>\$ 758,574</b>	<b>\$ 11,684,174</b>

## CITY OF OTTUMWA, IOWA

Schedule 2

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2009

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Property tax	\$ 899,775	\$ -	\$ -	\$ 899,775
Intergovernmental	178,221	580,518	-	758,739
Use of money and property	543,067	130,584	30,995	704,646
Charges for service	453,865	75	11,154	465,094
Miscellaneous	694,332	19,846	-	714,178
Total revenues	<u>2,769,260</u>	<u>731,023</u>	<u>42,149</u>	<u>3,542,432</u>
<b>EXPENDITURES:</b>				
Operating:				
Public safety	77,720	127,280	-	205,000
Public works	440,215	40	-	440,255
Health and social services	123	83,981	-	84,104
Culture and recreation	1,041,353	19,070	-	1,060,423
Community and economic development	309,113	18,725	-	327,838
General government	1,232,171	-	-	1,232,171
Bond issue costs	-	28,756	-	28,756
Capital outlay	-	1,786,367	-	1,786,367
Total expenditures	<u>3,100,695</u>	<u>2,064,219</u>	<u>-</u>	<u>5,164,914</u>
Excess (deficiency) of revenues over (under) expenditures	(331,435)	(1,333,196)	42,149	(1,622,482)
Other financing sources (uses):				
Issuance of debt	-	3,735,346	-	3,735,346
Transfers in	1,415,647	69,000	-	1,484,647
Transfers out	(153,345)	(109,000)	(35,724)	(298,069)
Total other financing sources (uses)	<u>1,262,302</u>	<u>3,695,346</u>	<u>(35,724)</u>	<u>4,921,924</u>
Net change in fund balances	930,867	2,362,150	6,425	3,299,442
Fund balance - Beginning of year	<u>2,400,352</u>	<u>3,872,769</u>	<u>752,149</u>	<u>7,025,270</u>
Fund balance - End of year	\$ <u>3,331,219</u>	\$ <u>6,234,919</u>	\$ <u>758,574</u>	\$ <u>10,324,712</u>



CITY OF OTTUMWA, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2009

	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>
<u>ASSETS</u>					
Cash and cash equivalents	\$ 449,080	\$ -	\$ 398,369	\$ 39,642	\$ -
Receivables:					
Property taxes	-	138,656	367,983	111,495	-
Accounts	7,167	-	830	-	18,480
Other governments	-	-	-	3,802	17,862
Prepaid Insurance	15,026	-	3,267	3,615	-
Deposit	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	\$ <u>471,273</u>	\$ <u>138,656</u>	\$ <u>770,449</u>	\$ <u>158,554</u>	\$ <u>36,342</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>LIABILITIES:</u>					
Accounts payable	\$ 6,467	\$ -	\$ 2,460	\$ 3,206	\$ -
Excess of outstanding checks over bank balance	-	-	-	-	16,186
Wages and benefits payable	5,200	-	9,800	4,700	-
Unearned property tax revenue	-	135,305	359,196	108,865	-
Unearned revenue	-	-	-	-	18,480
Due to other funds	-	3,351	-	-	-
	<u>-</u>	<u>3,351</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>11,667</u>	<u>138,656</u>	<u>371,456</u>	<u>116,771</u>	<u>34,666</u>
<u>FUND BALANCES:</u>					
Reserved for:					
Capital/construction	-	-	-	38,168	-
Prepaid Insurance	15,026	-	3,267	3,615	-
Endowments	-	-	-	-	-
Insurance	-	-	-	-	-
Unreserved	<u>444,580</u>	<u>-</u>	<u>395,726</u>	<u>-</u>	<u>1,676</u>
TOTAL FUND BALANCES	<u>459,606</u>	<u>-</u>	<u>398,993</u>	<u>41,783</u>	<u>1,676</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>471,273</u>	\$ <u>138,656</u>	\$ <u>770,449</u>	\$ <u>158,554</u>	\$ <u>36,342</u>

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 338,790	\$ 24,389	\$ 1,369,306	\$ 515,079	\$ 12,535	\$ 34,192	\$ 2,850	\$ 3,184,232
315,571	-	-	-	-	-	-	933,705
-	-	-	-	-	-	-	26,477
-	-	-	-	-	-	1,373	23,037
164,742	-	-	-	-	-	-	186,650
<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
\$ <u>844,103</u>	\$ <u>24,389</u>	\$ <u>1,369,306</u>	\$ <u>515,079</u>	\$ <u>12,535</u>	\$ <u>34,192</u>	\$ <u>4,223</u>	\$ <u>4,379,101</u>
\$ 19,276	\$ 1,283	\$ 30,515	\$ 2,310	\$ 8,986	\$ 1,651	\$ 1,320	\$ 77,474
-	-	-	-	-	-	-	16,186
1,200	-	-	-	-	-	-	20,900
308,125	-	-	-	-	-	-	911,491
-	-	-	-	-	-	-	18,480
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,351</u>
<u>328,601</u>	<u>1,283</u>	<u>30,515</u>	<u>2,310</u>	<u>8,986</u>	<u>1,651</u>	<u>1,320</u>	<u>1,047,882</u>
-	-	-	-	-	-	-	38,168
164,742	-	-	-	-	-	-	186,650
-	23,106	-	512,769	3,549	32,541	2,903	574,868
350,760	-	1,338,791	-	-	-	-	1,689,551
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,982</u>
<u>515,502</u>	<u>23,106</u>	<u>1,338,791</u>	<u>512,769</u>	<u>3,549</u>	<u>32,541</u>	<u>2,903</u>	<u>3,331,219</u>
\$ <u>844,103</u>	\$ <u>24,389</u>	\$ <u>1,369,306</u>	\$ <u>515,079</u>	\$ <u>12,535</u>	\$ <u>34,192</u>	\$ <u>4,223</u>	\$ <u>4,379,101</u>

CITY OF OTTUMWA, IOWA  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>
<b>REVENUES:</b>					
Property tax	\$ -	\$ 135,713	\$ 355,934	\$ 106,548	\$ -
Intergovernmental	78,956	-	27,973	-	69,620
Use of money and property	458,853	-	8,685	23,251	-
Charges for service	-	-	14,097	116,556	-
Miscellaneous	7,579	-	100,772	3,967	200
Total revenues	<u>545,388</u>	<u>135,713</u>	<u>507,461</u>	<u>250,322</u>	<u>69,820</u>
<b>EXPENDITURES:</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	440,215	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	573,835	340,698	-
Community and economic development	111,874	-	-	-	195,098
General government	-	-	-	-	-
Total expenditures	<u>552,089</u>	<u>-</u>	<u>573,835</u>	<u>340,698</u>	<u>195,098</u>
Excess (deficiency) of revenues over (under) expenditures	(6,701)	135,713	(66,374)	(90,376)	(125,278)
Other financing sources (uses):					
Transfers in	113,461	-	151,991	90,751	-
Transfers out	-	(135,713)	-	(9,500)	-
Total other financing sources (uses)	<u>113,461</u>	<u>(135,713)</u>	<u>151,991</u>	<u>81,251</u>	<u>-</u>
Net change in fund balances	106,760	-	85,617	(9,125)	(125,278)
Fund balance - Beginning of year	<u>352,846</u>	<u>-</u>	<u>313,376</u>	<u>50,908</u>	<u>126,954</u>
Fund balance - End of year	\$ <u>459,606</u>	\$ <u>-</u>	\$ <u>398,993</u>	\$ <u>41,783</u>	\$ <u>1,676</u>

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 301,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 899,775
-	300	-	-	-	-	1,372	178,221
9,786	948	32,980	7,445	176	943	-	543,067
-	-	323,212	-	-	-	-	453,865
3,079	24,438	18,170	497,501	10,578	26,826	1,222	694,332
<u>314,445</u>	<u>25,686</u>	<u>374,362</u>	<u>504,946</u>	<u>10,754</u>	<u>27,769</u>	<u>2,594</u>	<u>2,769,260</u>
36,557	20,254	-	-	-	20,909	-	77,720
-	-	-	-	-	-	-	440,215
-	-	-	-	123	-	-	123
-	-	-	117,309	9,511	-	-	1,041,353
-	-	-	-	-	-	2,141	309,113
271,971	-	960,200	-	-	-	-	1,232,171
<u>308,528</u>	<u>20,254</u>	<u>960,200</u>	<u>117,309</u>	<u>9,634</u>	<u>20,909</u>	<u>2,141</u>	<u>3,100,695</u>
5,917	5,432	(585,838)	387,637	1,120	6,860	453	(331,435)
109,444	-	950,000	-	-	-	-	1,415,647
(8,132)	-	-	-	-	-	-	(153,345)
<u>101,312</u>	<u>-</u>	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262,302</u>
107,229	5,432	364,162	387,637	1,120	6,860	453	930,867
<u>408,273</u>	<u>17,674</u>	<u>974,629</u>	<u>125,132</u>	<u>2,429</u>	<u>25,681</u>	<u>2,450</u>	<u>2,400,352</u>
\$ <u>515,502</u>	\$ <u>23,106</u>	\$ <u>1,338,791</u>	\$ <u>512,769</u>	\$ <u>3,549</u>	\$ <u>32,541</u>	\$ <u>2,903</u>	\$ <u>3,331,219</u>

CITY OF OTTUMWA, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2009

	<u>Sidewalks</u>	<u>Airport Projects</u>	<u>Street Projects</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 204,802	\$ 750,118	\$ 3,457,871
Receivables:			
Property taxes	-	-	-
Accounts	430	-	-
Other governments	<u>-</u>	<u>30,237</u>	<u>-</u>
TOTAL ASSETS	\$ <u>205,232</u>	\$ <u>780,355</u>	\$ <u>3,457,871</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 9,568	\$ 38,335
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>9,568</u>	<u>38,335</u>
<u>FUND BALANCES:</u>			
Reserved:			
Construction	<u>205,232</u>	<u>770,787</u>	<u>3,419,536</u>
TOTAL FUND BALANCES	<u>205,232</u>	<u>770,787</u>	<u>3,419,536</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>205,232</u>	\$ <u>780,355</u>	\$ <u>3,457,871</u>

Schedule 5

<u>Park Projects</u>	<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ 244,259	\$ 1,335,183	\$ 161,625	\$ 6,153,858
-	20,599	-	20,599
-	113,347	-	113,777
<u>198,633</u>	<u>904</u>	<u>28,491</u>	<u>258,265</u>
\$ <u>442,892</u>	\$ <u>1,470,033</u>	\$ <u>190,116</u>	\$ <u>6,546,499</u>
\$ 8,927	\$ 4,552	\$ 1,851	\$ 63,233
<u>135,000</u>	<u>113,347</u>	<u>-</u>	<u>248,347</u>
<u>143,927</u>	<u>117,899</u>	<u>1,851</u>	<u>311,580</u>
<u>298,965</u>	<u>1,352,134</u>	<u>188,265</u>	<u>6,234,919</u>
<u>298,965</u>	<u>1,352,134</u>	<u>188,265</u>	<u>6,234,919</u>
\$ <u>442,892</u>	\$ <u>1,470,033</u>	\$ <u>190,116</u>	\$ <u>6,546,499</u>

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Sidewalks</u>	<u>Airport Projects</u>	<u>Street Projects</u>
<u>REVENUES:</u>			
Intergovernmental	\$ -	\$ 170,977	\$ -
Use of money and property	5,733	18,145	99,924
Charges for service	-	-	-
Miscellaneous	<u>1,979</u>	<u>-</u>	<u>9,377</u>
Total revenues	<u>7,712</u>	<u>189,122</u>	<u>109,301</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety	-	-	-
Public works	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
Bond issue costs	-	-	28,756
Capital outlay	<u>-</u>	<u>170,642</u>	<u>1,296,724</u>
Total expenditures	<u>-</u>	<u>170,642</u>	<u>1,325,480</u>
Excess (deficiency) of revenues over (under) expenditures	7,712	18,480	(1,216,179)
Other financing sources (uses):			
Issuance of debt	-	440,000	2,276,346
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>(109,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>440,000</u>	<u>2,167,346</u>
Net change in fund balances	7,712	458,480	951,167
Fund balance - Beginning of year	<u>197,520</u>	<u>312,307</u>	<u>2,468,369</u>
Fund balance - End of year	\$ <u>205,232</u>	\$ <u>770,787</u>	\$ <u>3,419,536</u>

## Schedule 6

<u>Park Projects</u>	<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ 198,633	\$ -	\$ 210,908	\$ 580,518
5,993	-	789	130,584
-	75	-	75
-	8,490	-	19,846
<u>204,626</u>	<u>8,565</u>	<u>211,697</u>	<u>731,023</u>
-	3,263	124,017	127,280
-	40	-	40
-	83,981	-	83,981
-	19,070	-	19,070
-	18,725	-	18,725
-	-	-	28,756
<u>221,756</u>	<u>97,245</u>	<u>-</u>	<u>1,786,367</u>
<u>221,756</u>	<u>222,324</u>	<u>124,017</u>	<u>2,064,219</u>
(17,130)	(213,759)	87,680	(1,333,196)
281,000	638,000	100,000	3,735,346
-	69,000	-	69,000
-	-	-	(109,000)
<u>281,000</u>	<u>707,000</u>	<u>100,000</u>	<u>3,695,346</u>
263,870	493,241	187,680	2,362,150
<u>35,095</u>	<u>858,893</u>	<u>585</u>	<u>3,872,769</u>
\$ <u>298,965</u>	\$ <u>1,352,134</u>	\$ <u>188,265</u>	\$ <u>6,234,919</u>



## CITY OF OTTUMWA, IOWA

Schedule 7

COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS  
JUNE 30, 2009

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ <u>622,740</u>	\$ <u>135,834</u>	\$ <u>758,574</u>
TOTAL ASSETS	\$ <u>622,740</u>	\$ <u>135,834</u>	\$ <u>758,574</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
None	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
<u>FUND BALANCES:</u>			
Reserved for:			
Endowments	-	135,834	135,834
Prepetual care	<u>622,740</u>	<u>-</u>	<u>622,740</u>
TOTAL FUND BALANCES	<u>622,740</u>	<u>135,834</u>	<u>758,574</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>622,740</u>	\$ <u>135,834</u>	\$ <u>758,574</u>

CITY OF OTTUMWA, IOWA

Schedule 8

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
YEAR ENDED JUNE 30, 2009

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>REVENUES:</u>			
Interest income	\$ 26,057	\$ 4,938	\$ 30,995
Charges for service	<u>11,154</u>	<u>-</u>	<u>11,154</u>
Total revenues	<u>37,211</u>	<u>4,938</u>	<u>42,149</u>
Other financing uses:			
Transfers out	<u>(26,057)</u>	<u>(9,667)</u>	<u>(35,724)</u>
Net change in fund balances	11,154	(4,729)	6,425
Fund balance - Beginning of year	<u>611,586</u>	<u>140,563</u>	<u>752,149</u>
Fund balance - End of year	\$ <u>622,740</u>	\$ <u>135,834</u>	\$ <u>758,574</u>

## CITY OF OTTUMWA, IOWA

Schedule 9

COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2009

	Transit	Golf Course	Total Nonmajor Proprietary Funds
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 198,175	\$ -	\$ 198,175
Receivables:			
Accounts	611	153	764
Property taxes	389,204	-	389,204
Other governments	63,928	-	63,928
Prepaid expenses	22,328	-	22,328
Total Current Assets	<u>674,244</u>	<u>153</u>	<u>674,397</u>
Capital Assets:			
Land	-	80,000	80,000
Buildings	894,130	174,855	1,068,985
Improvements other than buildings	-	893,562	893,562
Machinery and equipment	2,316,131	395,502	2,711,633
Construction in progress	138,825	-	138,825
Less accumulated depreciation	<u>(2,395,425)</u>	<u>(836,659)</u>	<u>(3,232,084)</u>
Total Capital Assets	<u>953,661</u>	<u>707,260</u>	<u>1,660,921</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,627,905</u></b>	<b>\$ <u>707,413</u></b>	<b>\$ <u>2,335,318</u></b>
<u>LIABILITIES AND NET ASSETS</u>			
<u>LIABILITIES:</u>			
Current Liabilities:			
Accounts payable	\$ 18,415	\$ 6	\$ 18,421
Checks issued in excess of cash	-	16,187	16,187
Wages and benefits payable	14,400	-	14,400
Compensated absences payable	13,032	-	13,032
Unearned property tax revenue	380,021	-	380,021
Current portion of bonds payable	-	50,000	50,000
Total Current Liabilities	<u>425,868</u>	<u>66,193</u>	<u>492,061</u>
Long-term Liabilities:			
Other post employment benefits obligation	25,011	2,862	27,873
Bonds payable:			
Long-term	-	350,000	350,000
Total Long-term Liabilities	<u>25,011</u>	<u>352,862</u>	<u>377,873</u>
<b>TOTAL LIABILITIES</b>	<b><u>450,879</u></b>	<b><u>419,055</u></b>	<b><u>869,934</u></b>
<u>NET ASSETS:</u>			
Invested in net assets, net of related debt	953,661	307,260	1,260,921
Unrestricted	<u>223,365</u>	<u>(18,902)</u>	<u>204,463</u>
<b>TOTAL NET ASSETS</b>	<b><u>1,177,026</u></b>	<b><u>288,358</u></b>	<b><u>1,465,384</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,627,905</u></b>	<b>\$ <u>707,413</u></b>	<b>\$ <u>2,335,318</u></b>

## CITY OF OTTUMWA, IOWA

Schedule 10

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating revenues:			
Charges for service	\$ 160,096	\$ 267,443	\$ 427,539
Miscellaneous	<u>3,048</u>	<u>9,889</u>	<u>12,937</u>
Total operating revenues	<u>163,144</u>	<u>277,332</u>	<u>440,476</u>
Operating expenses:			
Operations	1,144,398	307,209	1,451,607
Depreciation	<u>280,500</u>	<u>64,422</u>	<u>344,922</u>
Total operating expenses	<u>1,424,898</u>	<u>371,631</u>	<u>1,796,529</u>
Operating loss	<u>(1,261,754)</u>	<u>(94,299)</u>	<u>(1,356,053)</u>
Nonoperating revenue:			
Interest income	5,543	-	5,543
Property taxes	371,953	-	371,953
Intergovernmental	<u>627,990</u>	<u>-</u>	<u>627,990</u>
Total nonoperating revenue	<u>1,005,486</u>	<u>-</u>	<u>1,005,486</u>
Loss before transfers	(256,268)	(94,299)	(350,567)
Other financing sources:			
Transfers in	<u>-</u>	<u>180,000</u>	<u>180,000</u>
Change in net assets	(256,268)	85,701	(170,567)
Net assets - Beginning of year	<u>1,433,294</u>	<u>202,657</u>	<u>1,635,951</u>
Net assets - End of year	\$ <u>1,177,026</u>	\$ <u>288,358</u>	\$ <u>1,465,384</u>

## CITY OF OTTUMWA, IOWA

Schedule 11

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operations	\$ 216,350	\$ 221,014	\$ 437,364
Cash paid to employees	(643,035)	(64,441)	(707,476)
Cash paid to suppliers	(473,396)	(379,331)	(852,727)
Cash used in operations	(1,116,431)	(443,772)	(1,560,203)
NET CASH USED IN OPERATING ACTIVITIES	(900,081)	(222,758)	(1,122,839)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Property taxes	369,771	-	369,771
Intergovernmental	627,990	-	627,990
Transfers from other funds	-	180,000	180,000
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	997,761	180,000	1,177,761
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>			
Payment of long term debt:			
General obligation bonds	-	(45,000)	(45,000)
Additions to property and equipment	(138,826)	-	(138,826)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(138,826)	(45,000)	(183,826)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Interest income received	5,543	-	5,543
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,603)	(87,758)	(123,361)
<u>CASH AND CASH EQUIVALENTS - Beginning of year</u>	<u>233,778</u>	<u>87,758</u>	<u>321,536</u>
<u>CASH AND CASH EQUIVALENTS - End of year</u>	<u>\$ 198,175</u>	<u>\$ -</u>	<u>\$ 198,175</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>			
Operating loss	\$ (1,261,754)	\$ (94,299)	\$ (1,356,053)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	280,500	64,422	344,922
Changes in assets and liabilities:			
Decrease (increase) in receivables	628	(153)	475
Decrease in inventory	-	45,055	45,055
Decrease in prepaid insurance	3,940	3,880	7,820
Decrease in due from other governments	55,626	-	55,626
Decrease in accounts payable	(7,752)	(63,229)	(70,981)
Increase in excess of outstanding checks over bank balance	-	16,187	16,187
Increase (decrease) in wages and benefits payable	2,600	(2,800)	(200)
Increase (decrease) in compensated absences payable	1,120	(3,518)	(2,398)
Increase in other post employment benefits obligation	25,011	2,862	27,873
Decrease in unearned revenue	-	(56,165)	(56,165)
Decrease in due to other funds	-	(135,000)	(135,000)
NET CASH USED IN OPERATING ACTIVITIES	\$ (900,081)	\$ (222,758)	\$ (1,122,839)

## CITY OF OTTUMWA, IOWA

Schedule 12

COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2009

	<u>Payroll Clearing</u>	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ <u>212,940</u>	\$ <u>571,222</u>	\$ <u>714,121</u>	\$ <u>1,498,283</u>
TOTAL ASSETS	\$ <u>212,940</u>	\$ <u>571,222</u>	\$ <u>714,121</u>	\$ <u>1,498,283</u>
<u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	\$ <u>212,940</u>	\$ <u>-</u>	\$ <u>227,820</u>	\$ <u>440,760</u>
<u>NET ASSETS:</u>				
Restricted	-	-	486,301	486,301
Unrestricted	-	<u>571,222</u>	-	<u>571,222</u>
TOTAL NET ASSETS	-	<u>571,222</u>	<u>486,301</u>	<u>1,057,523</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>212,940</u>	\$ <u>571,222</u>	\$ <u>714,121</u>	\$ <u>1,498,283</u>

## CITY OF OTTUMWA, IOWA

Schedule 13

COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2009

	<u>Equipment</u> <u>Purchasing</u>	<u>Employee</u> <u>Insurance</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Charges for service and other operating revenues	\$ -	\$ 2,520,634	\$ 2,520,634
<u>EXPENSES:</u>			
Operations	-	2,636,341	2,636,341
Operating loss	-	(115,707)	(115,707)
Nonoperating revenue:			
Interest income	-	24,158	24,158
Loss before other financing sources (uses)	-	(91,549)	(91,549)
Other financing sources (uses):			
Transfers in	394,900	-	394,900
Transfers out	(251,223)	-	(251,223)
Total other financing sources (uses)	143,677	-	143,677
Change in net assets	143,677	(91,549)	52,128
Net assets - Beginning of year	427,545	577,850	1,005,395
Net assets - End of year	\$ 571,222	\$ 486,301	\$ 1,057,523

## CITY OF OTTUMWA, IOWA

Schedule 14

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2009

	Payroll Clearing	Equipment Purchasing	Employee Insurance	Total Nonmajor Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from operations	\$ -	\$ -	\$ 2,520,634	\$ 2,520,634
Cash paid to employees	(45,422)	-	-	(45,422)
Cash paid to suppliers	-	-	(2,670,820)	(2,670,820)
Cash used in operations	(45,422)	-	(2,670,820)	(2,716,242)
NET CASH USED IN OPERATING ACTIVITIES	(45,422)	-	(150,186)	(195,608)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers from other funds	-	394,900	-	394,900
Transfers to other funds	-	(251,223)	-	(251,223)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	143,677	-	143,677
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest income received	-	-	24,158	24,158
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(45,422)	143,677	(126,028)	(27,773)
<u>CASH AND CASH EQUIVALENTS</u> - Beginning of year	258,362	427,545	840,149	1,526,056
<u>CASH AND CASH EQUIVALENTS</u> - End of year	\$ 212,940	\$ 571,222	\$ 714,121	\$ 1,498,283
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</u>				
Operating loss	\$ -	\$ -	\$ (115,707)	\$ (115,707)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Changes in assets and liabilities:				
Decrease in accounts payable	(45,422)	-	(34,479)	(79,901)
NET CASH USED IN OPERATING ACTIVITIES	\$ (45,422)	\$ -	\$ (150,186)	\$ (195,608)



## CITY OF OTTUMWA, IOWA

Schedule 15

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>Expenditures of Federal Awards</u>			
<u>Direct:</u>			
Department of Transportation:			
Airport Improvement Program	20.106	AIP-3-19-0073-12	\$ 3,075
Airport Improvement Program	20.106	AIP-3-19-0073-15	19,407
Airport Improvement Program	20.106	AIP-3-19-0073-14	<u>111,450</u>
Total Expenditures of Direct Federal Awards			<u>133,932</u>
<u>Indirect:</u>			
Department of Housing and Urban Development:			
Community Development Block Grant/Small Cities Program	14.219	07-HM-114-09	40,886
Community Development Block Grant/Small Cities Program	14.219	07-HSG-020	<u>21,831</u>
			<u>62,717</u>
Community Development Block Grant/Entitlement Grants	14.228	-	<u>4,177</u>
Department of Transportation:			
Formula Grants for Other Than Urbanized Areas	20.509	18-0028-582-09	385,069
Formula Grants for Other Than Urbanized Areas	20.509	85-0028-150-09	463,716
Formula Grants for Other Than Urbanized Areas	20.509	85-X030-150-08	<u>236,581</u>
			<u>1,085,366</u>
Job Access Reverse Commute	20.516	37-X016-582-09	40,876
Job Access Reverse Commute	20.516	37-X013-582-07	4,222
New Freedom Operating Assistance	20.521	57-X002-582-09	2,805
New Freedom Operating Assistance	20.521	57-X002-150-09	<u>22,562</u>
			<u>70,465</u>
Highway Planning and Construction	20.205	STP-U-5825(627)-70-90	<u>158,633</u>
State and Community Highway Safety	20.600	PAP-08-09-TASK04	13,395
State and Community Highway Safety	20.600	PAP-09-02-TASK04	<u>16,715</u>
			<u>30,110</u>
Department of Justice:			
Developing Testing and Demonstrating Promising New Programs	16.541	06-0JJD-08	<u>1,421</u>
Edward Byrne Memorial Formula Grant Program	16.738	08JAG/C06-A13	98,241
Edward Byrne Memorial Formula Grant Program	16.738	-	<u>749</u>
			<u>98,990</u>
Cops Grant	16.710	-	<u>46,731</u>
Department of Homeland Security:			
Interagency Hazardous Materials Public Sector Training and Planning	20.703	FY 08	6,806
Interagency Hazardous Materials Public Sector Training and Planning	20.703	FY 09	<u>14,189</u>
			<u>20,995</u>
Environmental Protection Agency:			
Congressionally Mandated Projects	66.202	XP987710-01	<u>369,386</u>
Capitalization Grants for Clean Water State Revolving Funds	66.458	-	<u>266,839</u>
Department of Health and Human Services:			
Disaster Grants - Public Assistance	97.036	FEMA-Flood	<u>631,228</u>
Total Expenditures of Indirect Federal Awards			<u>2,847,058</u>
Total Expenditures of Federal Awards			\$ <u>2,980,990</u>

CITY OF OTTUMWA, IOWA

Schedule 15 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Ottumwa, Iowa and is presented on the accrual/modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## CITY OF OTTUMWA, IOWA

### STATISTICAL SECTION

This part of the City of Ottumwa, Iowa's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	78
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	86
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.	92
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	98
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	101

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

## CITY OF OTTUMWA, IOWA

## NET ASSETS BY COMPONENT

## LAST SEVEN FISCAL YEARS

## UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	Fiscal Year						
	2003 <sup>(1)</sup>	2004	2005	2006	2007	2008	2009
Government Activities:							
Invested in capital assets, net of related debt	\$ 8,649	\$ 13,046	\$ 19,610	\$ 49,211	\$ 32,195	\$ 33,886	\$ 27,558
Restricted	349	82	203	297	983	1,001	1,015
Unrestricted	<u>6,429</u>	<u>7,491</u>	<u>8,115</u>	<u>3,065</u>	<u>8,000</u>	<u>8,645</u>	<u>15,578</u>
Total governmental activities net assets	\$ <u>15,427</u>	\$ <u>20,619</u>	\$ <u>27,928</u>	\$ <u>52,573</u>	\$ <u>41,178</u>	\$ <u>43,532</u>	\$ <u>44,151</u>
Business Type Activities:							
Invested in capital assets, net of related debt	\$ 10,101	\$ 10,263	\$ 10,830	\$ 11,774	\$ 30,964	\$ 33,644	\$ 35,088
Restricted	1,235	1,600	1,544	1,453	95	95	95
Unrestricted	<u>2,482</u>	<u>2,147</u>	<u>1,363</u>	<u>1,477</u>	<u>4,904</u>	<u>4,554</u>	<u>4,567</u>
Total business type activities net assets	\$ <u>13,818</u>	\$ <u>14,010</u>	\$ <u>13,737</u>	\$ <u>14,704</u>	\$ <u>35,963</u>	\$ <u>38,293</u>	\$ <u>39,750</u>
Primary Government:							
Invested in capital assets, net of related debt	\$ 18,750	\$ 23,309	\$ 30,440	\$ 60,985	\$ 63,159	\$ 67,530	\$ 62,646
Restricted	1,584	1,682	1,747	1,750	1,078	1,096	1,110
Unrestricted	<u>8,911</u>	<u>9,638</u>	<u>9,478</u>	<u>4,542</u>	<u>12,904</u>	<u>13,199</u>	<u>20,145</u>
Total primary government net assets	\$ <u>29,245</u>	\$ <u>34,629</u>	\$ <u>41,665</u>	\$ <u>67,277</u>	\$ <u>77,141</u>	\$ <u>81,825</u>	\$ <u>83,901</u>

(1) First year of reporting on Government-wide financial statements.

CITY OF OTTUMWA, IOWA  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
UNAUDITED  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year						
	<u>2003(1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses							
Governmental Activities:							
General government	\$ 2,347	\$ 2,190	\$ 2,509	\$ 2,711	\$ 2,565	\$ 2,478	\$ 2,609
Public safety	6,699	5,535	5,555	5,684	6,436	6,780	7,160
Public services	4,123	4,312	5,421	6,859	5,798	6,817	7,783
Culture and recreation	2,063	1,660	984	1,982	2,288	2,319	2,415
Community development	2,562	1,941	1,896	1,467	1,674	1,508	1,392
Interest on long-term debt	568	832	609	634	714	768	734
Total governmental activities expenses	<u>18,362</u>	<u>16,470</u>	<u>16,974</u>	<u>19,337</u>	<u>19,475</u>	<u>20,670</u>	<u>22,093</u>
Business Type Activities:							
Solid waste	1,737	1,852	1,889	1,686	2,037	1,886	2,179
Sewer utility	3,401	3,498	3,618	3,842	3,991	4,549	5,050
Events center	-	-	-	-	1,161 (2)	1,755	1,765
Other (Transit/Golf)	1,113	1,493	1,615	1,731	1,793	1,943	1,800
Total business type activities expenses	<u>6,251</u>	<u>6,843</u>	<u>7,122</u>	<u>7,259</u>	<u>8,982</u>	<u>10,133</u>	<u>10,794</u>
Total primary government expenses	<u>24,613</u>	<u>23,313</u>	<u>24,096</u>	<u>26,596</u>	<u>28,457</u>	<u>30,803</u>	<u>32,887</u>
Program Revenues							
Governmental Activities:							
Charges for services:							
General government	1,032	1,121	1,211	1,537	1,491	1,598	1,563
Public safety	411	431	413	464	217	530	623
Public services	1,585	2,375	2,481	2,812	2,720	3,249	2,970
Culture and recreation	778	745	746	856	674	785	1,151
Community development	728	290	627 (4)	1,691 (4)	151	27	12
Operating grants and contributions	3,726	3,033	2,909	2,903	3,157	2,988	3,056
Capital grants and contributions	1,258	1,768	2,830 (3)	5,152 (3)	1,050	642	409
Total governmental activities program revenues	<u>9,518</u>	<u>9,763</u>	<u>11,217</u>	<u>15,415</u>	<u>9,460</u>	<u>9,819</u>	<u>9,784</u>
Business Type Activities:							
Charges for services:							
Solid waste	1,590	1,916	1,568	1,674	1,575	1,942	1,952
Sewer utility	3,294	3,374	3,235	3,911	3,783	4,264	5,039
Events center	-	-	-	-	293	526	583
Other (Transit/Golf)	476	633	675	717	660	634	428
Operating grants and contributions	288	364	239	469	651	666	679
Capital grants and contributions	16	77	519	567	6,621 (5)	1,919	791
Total business type activities program revenues	<u>5,664</u>	<u>6,364</u>	<u>6,236</u>	<u>7,338</u>	<u>13,583</u>	<u>9,951</u>	<u>9,472</u>
Total primary government program revenues	<u>\$ 15,182</u>	<u>\$ 16,127</u>	<u>\$ 17,453</u>	<u>\$ 22,753</u>	<u>\$ 23,043</u>	<u>\$ 19,770</u>	<u>\$ 19,256</u>

CITY OF OTTUMWA, IOWA

CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS

UNAUDITED  
(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	Fiscal Year						
	<u>2003(1)</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Net (expense) revenue:							
Governmental activities	\$ (8,844)	\$ (6,707)	\$ (5,757)	\$ (3,922)	\$ (10,015)	\$ (10,852)	\$ (12,309)
Business type activities	(587)	(479)	(886)	79	4,601	(181)	(1,322)
Total primary government net expense	<u>(9,431)</u>	<u>(7,186)</u>	<u>(6,643)</u>	<u>(3,843)</u>	<u>(5,414)</u>	<u>(11,033)</u>	<u>(13,631)</u>
General Revenues and Other Changes in Net Assets							
Governmental Activities:							
Taxes:							
Property taxes	8,489	8,780	9,721	9,920	10,833	11,042	11,258
Sales taxes	2,255	2,218	2,359	2,791	2,783	2,847	2,839
Other taxes	931	882	921	917	574	582	568
Investment earnings	357	100	195	288	363	390	259
Miscellaneous	40	141	138	22	49	17	60
Transfers	56	(204)	(135)	(359)	(5,563)	(1,673)	(2,056)
Total governmental activities	<u>12,128</u>	<u>11,917</u>	<u>13,199</u>	<u>13,559</u>	<u>9,039</u>	<u>13,205</u>	<u>12,928</u>
Business Type Activities:							
Property taxes	295	295	324	336	354	352	372
Investment earnings	214	171	154	169	258	267	167
Miscellaneous	-	-	-	-	103	220	184
Transfers	(56)	204	135	383	5,563	1,673	2,056
Total business type activities	<u>453</u>	<u>670</u>	<u>613</u>	<u>888</u>	<u>6,278</u>	<u>2,512</u>	<u>2,779</u>
Total primary government	<u>12,581</u>	<u>12,587</u>	<u>13,812</u>	<u>14,447</u>	<u>15,317</u>	<u>15,717</u>	<u>15,707</u>
Change in Net Assets:							
Government activities	3,284	5,210	7,442	9,637	(976)	2,354	619
Business type activities	(134)	191	(273)	967	10,879	2,330	1,457
Total primary government	\$ <u>3,150</u>	\$ <u>5,401</u>	\$ <u>7,169</u>	\$ <u>10,604</u>	\$ <u>9,903</u>	\$ <u>4,684</u>	\$ <u>2,076</u>

(1) First year of reporting on Government-wide financial statements.

(2) The Bridge View Events Center opened December 31, 2006. During construction from 2004 to 2006 it was accounted for in a capital projects fund.

(3) Included \$1,137 and \$4,583 Vision Iowa grant revenue for construction of the Bridge View Events Center for fiscal years 2005 and 2006, respectively.

(4) Included \$322 and \$1,321 donations for construction of the Bridge View Events Center for fiscal years 2005 and 2006, respectively.

(5) Included \$2,662 for construction of the Bridge View Events Center and \$3,673 for sewer separation.

CITY OF OTTUMWA, IOWA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Utility Replacement</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2000	\$ -	\$ 8,123	\$ 1,942	\$ 351	\$ 10,416
2001	417 (1)	7,631 (1)	2,087	425	10,560
2002	408	7,765	2,025	434	10,632
2003	473	8,489	2,255	458	11,675
2004	438	8,780	2,218	444	11,880
2005	431	9,721	2,359	490	13,001
2006	418	9,920	2,791	499	13,628
2007	445	10,388	2,783	574	14,190
2008	434	10,612	2,847	582	14,475
2009	426	10,833	2,839	567	14,665

(1) The State of Iowa changed the method of gas and electric utility taxation in FY2001. Utility taxes are paid into a statewide pool and distributed back to local taxing jurisdictions.

CITY OF OTTUMWA, IOWA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General Fund:				
Reserved	\$ 25	\$ 10	\$ -	\$ -
Unreserved	<u>760</u>	<u>829</u>	<u>921</u>	<u>1,327</u>
Total general fund	\$ <u>785</u>	\$ <u>839</u>	\$ <u>921</u>	\$ <u>1,327</u>
All Other Governmental Funds:				
Reserved	\$ 3,727	\$ 5,216	\$ 4,828	\$ 17,301 (1)
Unreserved, report in:				
Special revenue funds	<u>691</u>	<u>554</u>	<u>652</u>	<u>1,190</u>
Total all other governmental funds	\$ <u>4,418</u>	\$ <u>5,770</u>	\$ <u>5,480</u>	\$ <u>18,491</u> (1)

(1) Includes Events Center Construction Fund balances of \$10,733; \$10,176; \$9,729 and \$2,399 for June 30, 2003 to 2006, respectively.

(2) Fiscal years June 30, 2006 and earlier reported compensated absences as liabilities in the governmental funds. The General Fund had \$362 and the other governmental funds had \$94 reported as liabilities as of June 30, 2006. Those liabilities have been removed from the governmental fund financial statements and prior year fund balances have not been restated.



Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ -	\$ 110	\$ 113	\$ 142	\$ 142	\$ 8
<u>1,356</u>	<u>1,389</u>	<u>1,757</u> (2)	<u>2,244</u>	<u>2,431</u>	<u>2,002</u>
\$ <u>1,356</u>	\$ <u>1,499</u>	\$ <u>1,870</u>	\$ <u>2,386</u>	\$ <u>2,573</u>	\$ <u>2,010</u>
\$ 15,801 (1)	\$ 16,846 (1)	\$ 9,905 (1)	\$ 8,076	\$ 8,940	\$ 12,412
<u>1,052</u>	<u>1,001</u>	<u>1,235</u> (2)	<u>1,342</u>	<u>1,530</u>	<u>1,836</u>
\$ <u>16,853</u> (1)	\$ <u>17,847</u> (1)	\$ <u>11,140</u> (1)	\$ <u>9,418</u>	\$ <u>10,470</u>	\$ <u>14,248</u>

CITY OF OTTUMWA, IOWA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
 UNAUDITED

(Modified Accrual Basis of Accounting)  
 (Amounts Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Revenues</b>				
Taxes	\$ 10,416	\$ 10,560	\$ 10,632	\$ 11,675
Licenses and permits	251	220	258	351
Intergovernmental	4,777	3,895	3,847	5,084
Money and property	718	787	683	753
Charges for services	1,040	987	1,260	2,674
Fines	95	91	106	102
Miscellaneous	463	544	309	969
<b>Total revenues</b>	<u>17,760</u>	<u>17,084</u>	<u>17,095</u>	<u>21,608</u>
<b>Expenditures (1)</b>				
General government	964	998	1,007	2,028
Public safety (2)	6,419 (2)	6,774 (2)	6,712 (2)	6,717 (2)
Public works	4,758	3,683	3,432	3,881
Health and social services (1)	-	-	-	307
Culture and recreation	2,203	2,652	1,988	2,031
Community and economic development (1)	-	-	-	798
Capital outlay (3)	1,657	1,452	1,709	6,147
Debt service:				
Principal	2,190	2,417	2,041	2,187
Interest	545	381	450	361
<b>Total expenditures</b>	<u>18,736</u>	<u>18,357</u>	<u>17,339</u>	<u>24,457</u>
<b>Excess (deficiency) of revenues over     (under) expenditures</b>	<u>(976)</u>	<u>(1,273)</u>	<u>(244)</u>	<u>(2,849)</u>
<b>Other financing sources (uses):</b>				
Transfers in	3,246	3,450	3,233	4,186
Transfers out	(3,642)	(3,789)	(3,888)	(4,093)
Bond proceeds (3)	200	3,025	710	15,635 (3)
Bond issue costs	(4)	(59)	(15)	(22)
<b>Total other financing sources (uses)</b>	<u>(200)</u>	<u>2,627</u>	<u>40</u>	<u>15,706</u>
<b>Total changes in fund balances</b>	\$ <u>(1,176)</u>	\$ <u>1,354</u>	\$ <u>(204)</u>	\$ <u>12,857</u>
<b>Debt service as a percentage of     noncapital expenditures</b>	16.0 %	16.6 %	15.9 %	13.9 %

(1) Expenditures prior to FY 2003 were categorized differently. Health and social services were classified under culture and recreation. Community and economic development were classified with public works. There were several other classification differences as well.

(2) 100% of the local option sales tax for FY 1999 through FY 2003 was dedicated to the Wapello County Joint Law Enforcement Center.

(3) Bond proceeds in FY 2003 of \$11,000,000 for the Bridge View Events Center which was completed December 31, 2006. Capital outlay included \$465, \$2,127 and \$13,475 for fiscal years 2004, 2005 and 2006,

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	11,879	\$ 13,001	\$ 13,628	\$ 14,190	\$ 14,472	\$ 14,665
	291	334	366	277	315	296
	4,801	5,739	8,055	3,930	3,630	3,464
	876	930	1,277	1,075	1,123	930
	3,448	3,647	4,030	3,942	4,252	4,217
	122	125	128	119	260	334
	398	798	1,862	662	493	791
	<u>21,815</u>	<u>24,574</u>	<u>29,346</u>	<u>24,195</u>	<u>24,545</u>	<u>24,697</u>
	2,085	2,442	2,651	2,484	2,320	2,407
	4,937	5,805	5,606	5,823	5,877	6,020
	4,688	4,844	5,423	5,135	5,971	5,862
	309	380	561	491	522	547
	2,007	2,040	2,254	2,155	2,125	2,172
	805	533	684	676	441	783
	5,197 (3)	5,649 (3)	15,196 (3)	3,167	2,226	2,050
	2,461	3,205	2,633	1,916	2,124	3,523
	939	666	655	674	796	1,035
	<u>23,428</u>	<u>25,564</u>	<u>35,663</u>	<u>22,521</u>	<u>22,402</u>	<u>24,399</u>
	<u>(1,613)</u>	<u>(990)</u>	<u>(6,317)</u>	<u>1,674</u>	<u>2,143</u>	<u>298</u>
	5,647	6,092	6,633	7,022	9,160	7,866
	(5,799)	(6,268)	(7,153)	(12,648)	(10,731)	(10,065)
	-	2,335	500	4,710	680	5,165
	-	(32)	-	(21)	(13)	(49)
	<u>(152)</u>	<u>2,127</u>	<u>(20)</u>	<u>(937)</u>	<u>(904)</u>	<u>2,917</u>
\$	<u>(1,765)</u>	\$ <u>1,137</u>	\$ <u>(6,337)</u>	\$ <u>737</u>	\$ <u>1,239</u>	\$ <u>3,215</u>
	18.6 %	19.4 %	16.1 %	13.3 %	14.5 %	20.4 %

CITY OF OTTUMWA, IOWA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

(In Thousands of Dollars)

Fiscal Year Ended June 30	Real Property			Personal Property	Total Assessed Value	Less: (2) Tax Exempt Real Property
	Residential Property	Commercial Property	Other Property (1)			
2000	\$ 392,230	\$ 111,793	\$ 64,507	\$ 14,362	\$ 582,892	\$ 174,752
2001	396,735	110,846	66,290	9,721	583,592	184,080
2002	399,833	116,420	62,972	5,677	584,902	178,634
2003 (3)	433,766	119,161	59,296	1,916	614,139	215,997
2004	437,280	121,682	62,235	-	621,197	216,184
2005 (4)	462,608	161,992	64,683	-	689,283	248,288
2006	464,815	176,776	64,926	-	706,517	251,106
2007 (5)	522,207	183,813	63,515	-	769,535	291,873
2008	526,914	183,139	66,595	-	776,648 (6)	303,516
2009	585,903	186,441	66,648	-	838,992 (6)	335,562

(1) Utilities, industrial and railroad property.

(2) Residential property is subject to a statewide formula that "rolls back" the assessed value. The formula has ranged from 56.47% in FY 1998 to 44.08% in FY 2009 and continues to decrease.

(3) State ordered increase of 8% to residential values.

(4) State ordered increase of 5% to residential and 17% to commercial values.

(5) State ordered increase of 12% to residential values.

(6) Does not include captured TIF increment. Captured TIF increment for FY 2009 amounted to 19.9 million taxable (37.8 million assessed value).

	<u>Total Taxable Value</u>		<u>Total Direct Tax Rate</u>		<u>Taxable Value to Assessed Value</u>
\$	408,140	\$	18.670	\$	70.0
	399,512		18.673		68.5
	406,268		18.872		69.5
	398,142		20.441		64.8
	405,013		20.985		65.2
	440,995		21.434		64.0
	455,411		21.593		64.5
	477,662		21.614		62.1
	473,132 (6)		22.080		61.3
	503,330		21.058		60.0

CITY OF OTTUMWA, IOWA

PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Fiscal Year</u>	<u>City of Ottumwa</u>			<u>Overlapping Wapello County</u>		
	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Levy</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Levy</u>
2000	\$ 14.926	\$ 3.744	\$ 18.670	\$ 8.072	\$ 0.153	\$ 8.225
2001	14.812	3.861	18.673	6.990	0.274	7.264
2002	15.021	3.851	18.872	6.897	0.267	7.164
2003	16.400	4.041	20.441	7.300	0.258	7.558
2004	16.945	4.040	20.985	7.553	0.247	7.800
2005	17.296	4.138	21.434	8.131	0.260	8.391
2006	18.243	3.350	21.593	8.837	0.218	9.055
2007	18.377	3.237	21.614	9.638	0.210	9.848
2008	18.281	3.789	22.070	10.085	-	10.085
2009	17.473	3.589	21.058	9.591	-	9.591

Source: Wapello County Auditor's Office

\* For fiscal years 2005, 2006 and 2007, the school debt was paid from School Infrastructure Local Option Sales Tax (SILO)

Rates					Total Direct and Overlapping Rates
Ottumwa Community School District					
Operating Levy	Debt Service Levy	Total Levy	Other Levies		
\$ 13.913	\$ 2.573	\$ 16.486	\$ 1.292	\$ 44.673	
14.412	2.597	17.009	1.245	44.191	
14.613	2.584	17.197	1.278	44.511	
14.960	2.631	17.591	1.295	46.885	
14.964	2.600	17.564	1.233	47.582	
14.851	*	14.851	1.205	45.881	
14.945	*	14.945	1.293	46.886	
13.858	*	13.858	1.375	46.695	
14.086	0.501	14.587	1.260	48.002	
13.944	1.000	14.944	1.281	46.874	

CITY OF OTTUMWA, IOWA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

(Amounts Expressed in Thousands)

Taxpayer	2009				2000		
	January 1, 2007 Taxable Value	Rank	Percentage of Total Taxable Value		January 1, 1998 Taxable Value	Rank	Percentage of Total Taxable Value
IES Electric	\$ 20,750	1	4.1 %	\$	18,988	1	4.7 %
Regional Retirement Center	17,597	2	3.2		4,467	7	1.1
Cargill Meat Solutions	15,935	3	3.5		17,683	3	4.3
Walmart Real Estate Trust	10,625	4	2.1		3,856	9	0.9
Developer Diversified Realty	9,631	5	1.9		10,508	4	2.6
Menards, Inc.	9,512	6	1.9		-	-	-
Mid-American Energy	7,808	7	1.6		-	-	-
John Deere Ottumwa Works	7,194	8	1.4		18,962	2	4.7
Ottumwa Medical Clinic	6,925	9	1.4		4,433	8	1.1
Quincy Station LLC	4,725	10	0.9		-	-	-
Qwest	-	-	-		5,220	6	1.3
Dayton Hudson (Target)	-	-	-		3,017	10	0.7
K-Mart Ottumwa Holding	-	-	-		5,481	5	1.3
Totals	\$ <u>110,702</u>		<u>22.0</u> %	\$	<u>92,615</u>		<u>22.7</u> %

Source: Wapello County Auditor's Office



CITY OF OTTUMWA, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

<u>Fiscal Year</u> <u>Ended</u> <u>June 30</u>	<u>Total Tax</u> <u>Levy for (1)</u> <u>Fiscal Year</u>	<u>Collected Within the</u> <u>Fiscal Year of the Levy</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>
2000	\$ 8,602	\$ 8,564	99.6 %	17	\$ 8,581	99.8 %
2001	8,473	8,491	100.0	6	8,497	100.0
2002 (2)	8,667	8,577	99.0	47	8,624	99.5
2003 (2)	9,170	9,293	100.0	5	9,298	100.0
2004 (2)	9,532	9,490	99.6	8	9,498	99.6
2005 (2)	10,517	10,464	99.5	12	10,476	99.6
2006 (2)	10,621	10,662	100.0	11	10,673	100.0
2007 (2)	10,676	10,663	99.9	2	10,665	99.9
2008 (2)	10,954	10,610	96.9	-	10,610	96.9
2009 (2)	11,646	11,645	99.9	-	11,645	99.9

(1) Includes TIF Taxes

(2) Includes Utility Replacement Taxes

CITY OF OTTUMWA, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

Fiscal Year	Governmental Activities	Business Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Sewer Bonds	General Obligation Bonds			
2000	6,795	12,398	555	19,748	2.68	806
2001	7,835	11,942	1,190	20,967	3.88	839
2002	6,551	11,308	1,090	18,949	3.30	758
2003	20,017	10,640	985	31,642	5.27	1,266
2004	17,556	9,946	870	28,372	4.62	1,135
2005	16,786	9,223	750	26,759	4.02	1,070
2006	14,653	8,623	625	23,901	3.57	964
2007	8,664	7,790	11,054	27,508	3.79	1,109
2008	7,245	7,020	11,367	25,632	N/A	1,060
2009	8,575	8,071	14,534	31,180	N/A	1,249

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Demographic and Economic Statistics on page 98 for personal income and population data.

CITY OF OTTUMWA, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2000	\$ 6,795	\$ 145	\$ 6,650	1.14 %	\$ 272
2001	7,835	148	7,687	1.32	308
2002	6,551	157	6,394	1.09	256
2003	20,017	98	19,919	3.24	797
2004	17,556	82	17,474	2.81	699
2005	16,786	203	16,583	2.41	662
2006	14,653	297	14,356	2.03	579
2007	16,949	244	16,705	2.17	674
2008	18,612	248	18,364	2.36	759
2009	23,109	256	22,853	2.72	915

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 86 and 87 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 98.

CITY OF OTTUMWA, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2009

UNAUDITED

(Amounts Expressed in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wapello County	\$ 2,500	56.23 %	\$ 1,406
Ottumwa Community Schools	16,800	78.69	<u>13,220</u>
Subtotal, overlapping debt			14,626
City of Ottumwa direct debt			<u>22,853</u>
Total direct and overlapping debt			\$ <u>37,479</u>

Source: Debt outstanding was obtained from Ottumwa Community Schools. Assessed value data used to estimate applicable percentages were provided by Wapello County Auditor's Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Ottumwa. This process recognizes that when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.

CITY OF OTTUMWA, IOWA

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt Limit	\$ 29,145	\$ 29,180	\$ 30,642	\$ 32,308
Total net debt applicable to limit	<u>7,350</u>	<u>9,025</u>	<u>7,484</u>	<u>20,905</u>
Legal debt margin	\$ <u>21,795</u>	\$ <u>20,155</u>	\$ <u>23,158</u>	\$ <u>11,403</u>
Total net debt applicable to the limit as a percentage of debt limit	25.22 %	30.93 %	24.42 %	64.71 %

Fiscal Year					
<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 32,615	\$ 35,950	\$ 36,656	\$ 39,854	\$ 40,211	\$ 43,669
<u>18,345</u>	<u>17,333</u>	<u>14,981</u>	<u>19,718</u>	<u>18,612</u>	<u>23,109</u>
\$ <u>14,270</u>	\$ <u>18,617</u>	\$ <u>21,675</u>	\$ <u>20,136</u>	\$ <u>21,599</u>	\$ <u>20,560</u>
56.25 %	48.21 %	40.87 %	49.48 %	46.29 %	52.91%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2009

Total assessed value	\$ <u>873,376</u>
Debt limit (5% of total assessed value)	\$ <u>43,669</u>
Debt applicable to limit:	
General obligation bonds	23,109
Less: Amount set aside for repayment of general obligation debt	<u>(256)</u>
Total net debt applicable to limit	<u>22,853</u>
Legal debt margin	\$ <u>20,816</u>

Note: Under state finance law, the City of Ottumwa's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repayment of general obligation bonds.

CITY OF OTTUMWA, IOWA

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

Fiscal Year	Sewer Revenue Bonds						
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2000	\$ 3,446	\$ 1,767	\$ 1,679	\$ 590	\$ 537	1.49	
2001	3,599	2,000	1,599	616	518	1.41	
2002	3,616	2,055	1,561	640	499	1.37	
2003	3,437	2,184	1,253	668	472	1.10	
2004	3,470	2,388	1,082	694	444	0.95	
2005	3,299	2,444	855	723	415	0.75	
2006	3,993	2,701	1,292	751	359	1.16	
2007	3,973	2,724	1,249	802	283	1.15	
2008	4,317	2,834	1,483	831	234	1.39	
2009	5,087	3,119	1,968	860	229	1.81	

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements. Sewer charges and other includes investment income. Operating expenses do not include interest or depreciation.

CITY OF OTTUMWA, IOWA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Fiscal Year</u>	<u>City</u>	<u>County</u>	<u>Personal Income (In Thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate (3)</u>
2000	24,488	36,042	\$ 736,343	\$ 20,430	38.2	12.7	4,921	4.4 %
2001	24,998	36,009	779,106	21,636	38.2	12.7	4,878	5.3
2002	24,998	36,024	828,735	23,005	38.2	12.7	4,928	6.3
2003	24,998	35,922	862,582	24,013	38.2	12.7	4,889	6.4
2004	24,998	35,867	880,388	24,546	38.2	12.7	4,889	6.7
2005	24,998	35,793	951,425	26,581	38.2	12.7	4,860	5.7
2006	24,798	35,965	970,839	26,994	38.2	12.7	4,768	4.5
2007	24,800	36,010	Not Available	N/A	38.2	12.7	4,745	4.1
2008	24,187	35,597	Not Available	N/A	38.2	12.7	4,591	4.4
2009	24,962	35,965	Not Available	N/A	38.2	12.7	4,582	8.9

Data Sources:

(1) Bureau of Census

(2) School District

(3) Iowa Workforce Development

Note: Personal Income and per capita personal income are based on Wapello County statistics. City of Ottumwa figures are not readily available.



CITY OF OTTUMWA, IOWA

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>Employer</u>	<u>2009</u>			<u>2000</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Cargill Meat Solutions	2,450	1	11.43 %	1,700 *	1	8.95 %
John Deere Ottumwa Works	925	2	3.01	709 *	3	3.73
Ottumwa Regional Health	891	3	4.52	950 *	2	5.00
Ottumwa Community Schools	714	4	2.52	545 *	4	2.87
Hy-Vee Corporation	360	5	1.92	303 *	6	1.59
Indian Hills Community College	356	6	1.54	372 *	5	1.96
Wal-Mart Super Center	320	7	1.82	195 *	10	1.03
City of Ottumwa	270	8	-	241 *	7	1.27
Winger Companies	226	9	1.16	-	-	-
Cadbury Schweppes	200	10	2.72	200 *	9	1.04
Regional Ventures, Inc.	-	-	5.00	242 *	8	1.28
	<u>6,712</u>		<u>35.64 %</u>	<u>5,457</u>		<u>28.72 %</u>

Source: Ottumwa Economic Development Corporation and prior City annual reports.

\* Estimated

CITY OF OTTUMWA, IOWA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Government	13	13	13	12	12	12	13	13	13	12
Public Safety:										
Police:										
Officers	36	36	36	36	36	36	36	36	36	37
Civilians	11	11	11	11	10	10	10	9	9	9
Firefighters	33	33	33	33	33	33	33	33	33	33
Public Services:										
Engineering	8	8	8	8	8	8	9	9	9	9
Maintenance	33	33	33	33	32	34	34	34	31 *	31
Health and Social Services	6	7	7	7	6	6	6	7	7	7
Culture and Recreation:										
Parks/Beach	30	29	29	29	29	26	26	26	23 *	23
Cemetery	7	6	7	7	7	7	7	7	4	5
Library	12	10	12	10	10	10	11	11	12	12
Community Development	5	5	5	5	5	4	4	4	4	4
Solid Waste	12	12	12	12	13	13	13	13	13	12
Sewer	21	21	21	21	22	22	22	22	22	22
Transit/Golf	15	15	15	16	19	19	18	20	23	25
 Total	 <u>242</u>	 <u>239</u>	 <u>242</u>	 <u>240</u>	 <u>242</u>	 <u>240</u>	 <u>242</u>	 <u>244</u>	 <u>239</u>	 <u>241</u>

Source: City Personnel Budget

\* Decrease due to contracting out some seasonal employees.

CITY OF OTTUMWA, IOWA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
UNAUDITED

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police: (1)										
1. Physical arrests	3,786	3,127	2,990	3,357	3,695	3,623	3,607	3,788	3,606	3,963
2. Traffic tickets	5,185	3,631	5,740	5,355	4,561	4,277	4,675	5,222	4,620	5,406
3. Parking citations	5,737	8,005	7,025	5,942	5,174	3,158	2,587	2,623	2,747	2,473
Fire: (1)										
4. Number of calls answered (3)	784	832	713	1,566	2,228	2,223	2,297	2,450	2,684	2,534
5. Fire prevention activities	216	175	135	143	139	145	137	360	307	229
Highways and Streets: (1)										
Street resurfacing (miles)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	2.91	4.53	405
Pot holes repaired	(2)	(2)	(2)	(2)	(2)	(2)	(2)	3,002	3,102	4,653
Utility patches repaired	(2)	(2)	(2)	(2)	(2)	(2)	(2)	157	149	78
City Sanitation:										
Refuse collected (tons)	5,931	5,944	6,341	6,352	6,382	6,587	6,641	6,828	7,027	6,922
Recyclables collected (tons)	1,092	1,067	973	1,040	1,057	1,069	1,074	1,049	1,090	1,089
Solid Waste:										
Landfill tonnage	29,527	33,926	33,065	41,498	41,503	35,670	37,793	43,930	35,958	36,005
Recycling tonnage	(2)	(2)	2,982	2,694	2,751	2,993	2,968	2,666	3,049	3,360
Health Department:										
Number of Inspections	(2)	(2)	(2)	(2)	(2)	(2)	2,495	2,490	2,503	3,287
Nuisance complaints	(2)	(2)	(2)	(2)	(2)	(2)	2,926	2,916	2,659	2,373
Culture and Recreation:										
Beach Ottumwa admsslions (2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	19,830	25,487
Golf rounds played(1)	36,905	36,900	31,928	27,500	28,940	30,740	31,112	30,134	27,260	25,066
Wastewater: (1)										
Average sewage treatment (thousands of gallons)	5,228	4,275	6,071	4,894	4,437	5,621	4,768	6,499	6,423	7,483

Sources: Various City Departments.

(1) Police, Fire, Highways and Streets, Golf and Wastewater statistics are for the previous calendar year

(2) Information not readily available

(3) Fire Department started responding to traffic accidents and medical calls during 2003

CITY OF OTTUMWA, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
 UNAUDITED

	Fiscal Year						
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function							
Public Safety							
Police:							
Stations	1	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10	10
Fire stations	2	2	2	2	2	2	2
Highways and Streets:							
Streets (miles)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Streetlights	2,463	2,463	2,463	2,463	2,463	2,358	2,358
Traffic signals	(2)	(2)	(2)	(2)	(2)	(2)	27
Culture and Recreation: (1)							
Parks acreage	716	716	716	716	716	533	533
Parks	17	17	17	17	17	19	19
Playgrounds	14	14	14	14	14	11	11
Tennis courts	17	17	17	17	17	10	10
Softball/baseball diamonds	24	24	24	24	24	20	20
Library:							
Items in collection	67,248	67,296	60,743	61,416	64,262	67,217	71,077
Cemeteries:							
Facilities	2	3	3	3	3	3	3
Acreage	84	88	88	88	88	88	88
Sewer:							
Sanitary sewers (miles)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Storm sewers (miles)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Combined sewers	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Maximum daily treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000	10,000	10,000

Sources: Various City Departments.

Note: No capital asset indicators are available for the general government function.

(1) The City also owns one golf course (Cedar Creek) and one water recreation park (Beach Ottumwa)

(2) Information not readily available

<u>2007</u>	<u>2008</u>	<u>2009</u>
1	1	1
10	10	10
2	2	2
156.2	156.2	156.2
2,359	2,359	2,359
27	26	26
533	533	533
19	22	22
11	12	12
10	10	10
20	20	20
79,432	83,093	89,148
3	3	3
88	88	88
48.8	48.8	48.8
13.5	15.9	18.3
66.86	64.46	62.06
10,000	10,000	10,000

## COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Members  
of the City Council  
Ottumwa, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City of Ottumwa, Iowa's basic financial statements and have issued our report thereon dated January 29, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Ottumwa, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Ottumwa, Iowa's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Ottumwa, Iowa's financial statements that is more than inconsequential will not be prevented or detected by the City of Ottumwa, Iowa's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Ottumwa, Iowa's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ottumwa, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Ottumwa, Iowa's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Ottumwa, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ottumwa, Iowa and other parties to whom the City of Ottumwa, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Ottumwa, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 29, 2010



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

Honorable Mayor and Members  
of the City Council  
Ottumwa, Iowa

Compliance

We have audited the compliance of the City of Ottumwa, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Ottumwa, Iowa's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the City of Ottumwa, Iowa's management. Our responsibility is to express an opinion on the City of Ottumwa, Iowa's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ottumwa, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Ottumwa, Iowa's compliance with those requirements.

In our opinion, the City of Ottumwa, Iowa complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The management of the City of Ottumwa, Iowa, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered the City of Ottumwa, Iowa's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City of Ottumwa, Iowa's responses to findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City of Ottumwa, Iowa's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Ottumwa, Iowa and other parties to whom the City of Ottumwa, Iowa may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

ANDERSON, LARKIN & CO. P.C.

Ottumwa, Iowa  
January 29, 2010

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

Part I: Summary of the Independent Auditor's Results

- a. Unqualified opinions were issued on the financial statements.
- b. No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.
- d. No material weaknesses in internal control over major programs were noted.
- e. An unqualified opinion was issued on compliance with requirements applicable to each major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- g. Major programs were as follows:

CFDA Number

20.509	Formula Grants for Other Than Urbanized Areas
66.202	Congressionally Mandated Projects
97.036	Disaster Grants – Public Assistance

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. City of Ottumwa, Iowa qualifies as a low-risk auditee.

Part II: Findings Related to the Financial Statements

SIGNIFICANT DEFICIENCIES

No matters were noted.

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

SIGNIFICANT DEFICIENCIES

No matters were noted.

INSTANCES OF NON-COMPLIANCE

No material weaknesses in internal control over the major programs were noted.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-09 Certified Budget - Disbursements during the year ended June 30, 2009 exceeded the amount budgeted in the health and social services function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - The budget will be amended in the future, if applicable.

Conclusion - Response accepted.

- IV-B-09 Questionable Expenditures - No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-09 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-09 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Pam Ward, Transit Director Ward Construction (Spouse is owner)	Construction	\$ 2,118
Keith Caviness, City Council The Photo Shop (Owner)	Printing	672

In accordance with Chapter 362.5(10) of the Code of Iowa, the transaction with the Council Member does not appear to represent a conflict of interest since total transactions with the individual were less than \$1,500 during the fiscal year. The transaction with the Transit Director's spouse does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(4) of the Code of Iowa.

- IV-E-09 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that coverage is adequate for current operations.
- IV-F-09 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-G-09 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-H-09 Revenue Bonds/Notes - No instances of non-compliance with the revenue bond/note provisions were noted.